

Nafta in trouble
Has Clinton the
will or the way?
Page 5

How fares welfare?
Germany's battle
to cap its costs
Page 13

A more worldly bank
Discovering merit
in transparency
Page 4

TOMORROW'S
Weekend FT
Searching for a lost
childhood in Saigon

FINANCIAL TIMES

Europe's Business Newspaper

FRIDAY JULY 2 1993

D8523A

Proposal to speed London equity trades settlement

A taskforce backed by the Bank of England is urging a slimmed-down electronic system to speed up the settlement of equity trades in the London stock market. Under the plan, which would replace the London Stock Exchange's failed Taurus project, the exchange would no longer be the main provider of settlement services in London. Page 14

International Business Machines has announced two moves designed to increase its lead in the personal computer market. Page 15

Grundig, Germany's leading home electronics group, returned a loss of DM256m (\$175m) last year compared with a loss of DM18.8m in the previous year. Page 15

Serbs pound Gorazde: Serb forces pounded the besieged Muslim enclave of Gorazde, proclaimed a United Nations "safe area", amid intense clashes in northern and eastern Bosnia. Page 3; 'Active' UN role for Japan. Germany. Page 5

French candidate for EBRD: France is to propose Bank of France governor Jacques de Larosiere as its candidate to head the European Bank for Reconstruction and Development. Page 2

Belgium warns on EC enlargement

Belgium's prime minister Jean Luc Dehaene (left) opened that country's presidency of the European Community with a warning that the difficulty of enlargement negotiations had been underestimated. He saw Belgium's priorities as giving life to the Maastricht treaty and strengthening EC institutions, particularly the European Commission. Page 14; Row brews over spoils in Community chest. Page 2

EC institutions, particularly the European Commission. Page 14; Row brews over spoils in Community chest. Page 2

BPB Industries: Profits at Europe's biggest plasterboard manufacturer jumped 52 per cent following the end of a price war in the UK, France and Germany. But final dividend was cut by a third. Page 15; Lex. Page 14

London security cordons: The City of London is to be ringed by police checkpoints from midnight tonight, in the first stage in a package of anti-terrorist measures planned for the city. Page 8

UK freezes Nigeria aid: UK foreign secretary Douglas Hurd said Britain was freezing new aid to Nigeria until a democratically elected civilian government was installed. Page 5

Common VCR standards: The world's leading consumer electronics makers announced plans to discuss a common standard for the next generation of videocassette recorders, digital VCRs, and VCRs for high definition television. Page 6

French sell-off restrictions: The French government will restrict investors outside the European Community to a maximum of 20 per cent of the shares of the companies sold in its forthcoming privatisation drive. Page 2

Taiwan seeks investors: Taiwan approved a draft economic programme and a package of measures to promote private investment in manufacturing and stem the flow of capital to China. Page 6

40 die in aircraft: An Indonesian domestic airliner crashed on to a beach in the easternmost province of Irian Jaya, killing 36 passengers and all four crew.

Aids is second biggest killer: Aids has moved ahead of heart disease and cancer to become second only to unintentional injuries such as car crashes as the leading killer of men aged 25 to 44 in the US.

FT-SE Actuaries: Today's FT-SE Actuaries Share Indices table includes for the first time total return figures, calculated at the close of each trading day for the whole series. Also shown is the new version of the FT-SE Mid 250 Index minus its 33 investment trust constituents. Details. Page 20; Indices table. Page 25.

Cricket: England were 276 for 6 at the end of the first day's play in the third test against Australia at Trent Bridge, Nottingham. Picture. Page 8

Tennis at Wimbledon: Defending champion Steffi Graf will meet Czech Jana Novotna in tomorrow's women's singles final in London after Novotna knocked out nine-time champion Martina Navratilova. Number one seed Graf beat Spaniard Conchita Martinez.

STOCK MARKET INDICES	
FT-SE 100	2889.5 (-1.12)
Field	1.08
FT-SE 100	1213.21 (+4.22)
FT-SE 100	1213.21 (+4.22)
FT-SE 100	1213.21 (+4.22)
FT-SE 100	1213.21 (+4.22)
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US LUNCHTIME RATES	
Federal Funds	3 1/4
3-mo Treasury bill	3.33%
Long Bond	10 1/2
Yield	6.87%

LONDON MONEY	
3-mo interbank	5 1/4
Libor 3m	5 1/4
Libor 6m	5 1/4
Libor 12m	5 1/4

MORTH SEA OIL (August)	
Spot 15-day (Aug)	\$17.19 (17.64)
Oil	
New York Coker (Aug)	\$38.2 (37.2)
London	\$38.2 (37.2)

STERLING	
New York London:	1.51
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Bundesbank president hails government plans to reduce public spending

Key interest rate cut to aid recovery in Germany

By Christopher Parkes in Leipzig and David Waller in Frankfurt

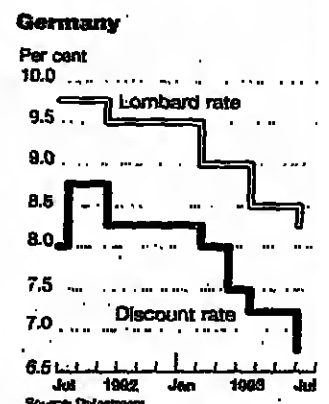
THE BUNDESBANK yesterday officially blessed the German government's latest budget cuts and offered the international economy a helping hand with a reduction of half a percentage point in its key discount rate.

The cut to 6.75 per cent in its official floor rate and a reduction of a quarter point in the Lombard rate to 8.25 per cent was welcomed by Mr Günter Rexrodt, German economics minister, who said it would help the government implement public spending cuts agreed by the ruling coalition earlier this week.

"The cut will give an impulse to the German economy and at the same time strengthen growth potential in other EMS countries", he said. "It secures confidence in the D-Mark, without which economic recovery would be impossible."

In Washington the White House called the cut a "positive development."

Mr Rexrodt said the Bundesbank was treading the delicate path between support for the economy and "the protection of credibility in the D-Mark". The D-Mark rose against the dollar and most European currencies



yesterday. After some sharp swings in European trading, it finished at DM1.699 against the dollar, a penny stronger than the previous day.

Mr Ulrich Beckmann, senior economist at DB Research, the research arm of Deutsche Bank, said the cut could "only do good for the economy". He added: "We are sure to see further cuts in interest rates, probably in September."

Mr Helmut Schlesinger, the central bank president, said in Leipzig that the move - the first on internationally sensitive rates since April - meant no one could now accuse Germany of being a



Bundesbank president Helmut Schlesinger (left) and his expected successor Hans Tietmeyer yesterday

high-rate country. The rate of growth in both inflation and money supply had slackened, he said. The D-Mark had stabilised after its recent weakness, and the government's new package of DM25bn (\$14.7bn) budget savings was a step in the right direction.

"It was especially important that Bonn had made the main savings through cuts in spending," Mr Schlesinger added. The government's proposals were the only new or substantially changed factor in the criteria on which the bank formulates interest rate policy.

In recent weeks, the bank has publicly identified runaway gov-

ernment borrowing as the main force driving monetary growth, and therefore as the main current source of future inflation.

The spending cuts proposals, agreed by the coalition government at the weekend, were "certainly suitable in the light of the state of public finances", Mr Schlesinger said.

Within the ERM, the Bundesbank decision prompted rate cuts in Denmark, Ireland, Belgium and the Netherlands, while Austria and Switzerland, which link their currencies to the D-Mark, also cut rates today.

The announcement of a fixed

rate volume tender for next week's auction of securities repurchase agreements was taken by economists as a sign that the Bundesbank is earnest in wanting to steer down money market rates.

The 28 basis point cut in next week's repo rate to 7.30 per cent comes after a period of several months during which this rate was trimmed via a sequence of small cuts.

Chastity rewarded. Page 2
Editorial Comment. Page 13
Cuts may not be enough. Page 13
Lex. Page 14
World stock markets. Page 36

Trade talks vital for recovery, says OECD

By Emma Tucker in Paris

FAILURE to reach agreement on trade liberalisation would threaten prospects for economic recovery in the industrialised world, the Organisation for Economic Co-operation and Development warned yesterday.

Mr Kumihiro Shigehara, head of the OECD's economic depart-

ment, said pressures on governments to increase protectionism represented the biggest "downside risk" to immediate prospects for global recovery and longer term economic performance.

Presenting the OECD's half-yearly economic outlook, Mr Shigehara said the move - the first on internationally sensitive rates since April - meant no one could now accuse Germany of being a

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World oil prices fall as US lifts ban on Iraqi exports

By Deborah Hargreaves in London

WORLD OIL PRICES tumbled yesterday after the US said it would allow Iraq to export some oil if Baghdad agreed conditions with the United Nations in talks next week. Traders fear that the arrival of Iraqi oil on world markets could cause prices to plunge.

World prices fell to six-month lows after Ms Madeleine Albright, Washington's ambassador to the UN, said the US would raise no objections to any accord reached on oil sales between Iraq and the UN. Negotiations are due to begin next Wednesday.

The price of North Sea crude oil for August delivery dropped 50 cents in busy trading to \$17.20 per barrel. Prices had touched \$18 a barrel at the beginning of the week following the US air strike on Baghdad, which many traders believed signalled a harder US line towards Saddam Hussein's regime.

"The mood in the market is one of impending doom - the timing is terrible, markets are not at all well balanced", said Mr Peter Gignoux, head of the energy desk at commodity broker Smith Barney in London.

World markets are already awash with oil as members of the

Organisation of Petroleum Exporting Countries continue to overproduce. Oil demand in the US and Europe remains depressed by the recession.

"You could see the market go down several dollars if Iraqi oil returns and it could get very nasty", said Mr James Fielder, energy trader at ED&F Mann in New York.

Iraq will be discussing a plan put forward by the UN Security Council two years ago for exporting \$1.6bn-worth of oil over six months in order to pay for humanitarian aid such as food and medicines.

Baghdad has objected in the past to conditions attached to the sale, which included the monitoring of the oil shipments by UN officials.

If this plan were to go ahead, it would mean Iraq exporting around 500,000 barrels a day of oil, adding to Opec's current overproduction which is estimated to be about 700,000 b/d. Large Opec producers such as Saudi Arabia are unlikely to cut their output in order to make room for Iraq in the market, although some members would push for an emergency Opec meeting.

Commodities. Page 24

Outlook for US industry weakens as orders fall

By Michael Prowse in Washington

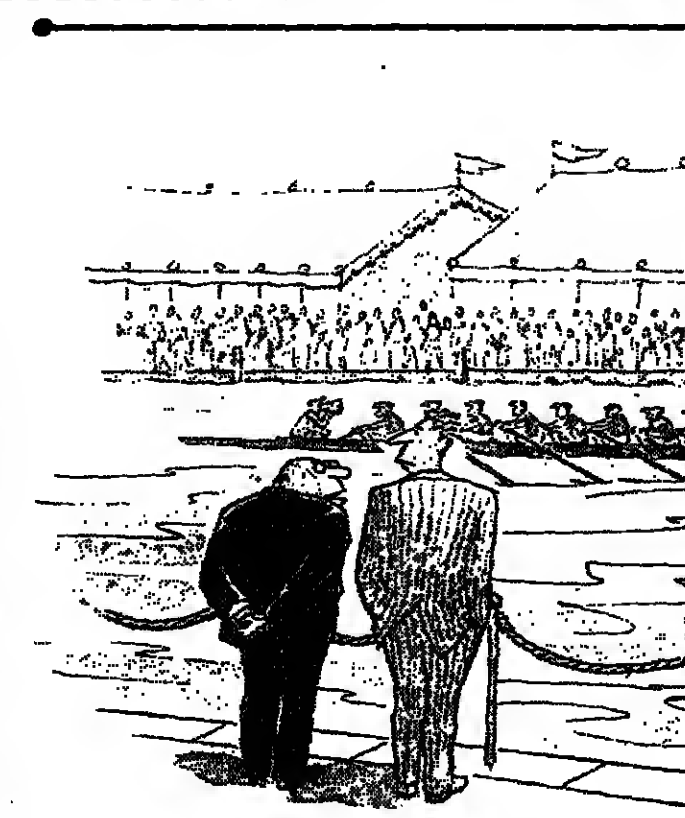
THE outlook for US manufacturing industry deteriorated significantly last month, according to figures published yesterday.

The Purchasing Managers' Index - a closely watched barometer of the health of manufacturing - fell from 51.1 per cent in May to 48.3 per cent last month, reflecting a sudden drop in new orders.

This was the lowest reading since December 1991 and sharply down from the 58 per cent reached in January, shortly after President Bill Clinton's election victory.

A reading below 50 per cent is generally interpreted as a sign that the manufacturing sector is contracting. Separately, the Conference Board, a New York business analysis group, said its index of business confidence fell from 66 in the first quarter to 57 in the second quarter, the lowest level since late 1991.

"The desired improvement in new orders failed to materialise in June, resulting in a decline in the manufacturing sector and a



"Just remember, Thompson. All the other fellows' efforts count for nothing if the chap in the driving seat can't steer."

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NEWS: EUROPE

Euro car price list seen as Brussels victory

By John Griffiths

THE first mandatory pan-European new car price lists published yesterday at the order of the European Commission show variations between countries of up to 30 per cent. But most fall between the EC's own 12-18 per cent guidelines and the Commission itself refrained from the harsh criticism which parts of the European industry had been fearing.

Under the terms of an agreement made with the Commission last year, Europe's car makers and importers are required to publish price lists twice a year. This follows fierce complaints from consumer organisations in Brussels and in the UK claiming that price divergences are big enough and persistent enough to breach EC regulations.

The lists released yesterday take the form of an index related to the prices of 55 European and 17 Japanese top-selling models on May 1 this year, based on recommended retail prices, adjusted for equipment differences and converted to Ecus.

Among small cars, variations of up to 24 per cent were found - in the case of Fiat's Cinquecento - between the most expensive market, France, and the cheapest, Spain.

In the large saloon category, Ford's new Mondeo 1.6iX saloon was found to be 23.9 per cent more expensive in Germany than in the cheapest markets, Italy and Ireland. At the executive car level BMW's biggest variation was of 22 per cent, in the case of its 730i V8 model, in France, with the UK being the cheapest.

The Commission, which hopes the information will help motorists to shop around in the EC for best buys, acknowledged that exchange rate fluctuations have played a large part in the variations. It added it would be wrong to arrive at "far-reaching conclusions" about manufacturers' commercial policies from the price comparisons.

But it said the next report in November would enable the Commission to assess the trend in price differentials, which it expects to diminish. Last night the European Automobile Manufacturers' Association, which has persistently claimed the variations are largely outside the industry's control, said the Commission's statement showed that exchange rate fluctuations and widely varying taxation regimes were largely to blame for the discrepancies and that these would have to continue until EC economies themselves converged.

The issue is of profound importance to car makers and their dealers because in 1993 the present 10-year "block exemption" which allows them to operate a selective distribution system - in contravention of EC competition rules - is due to expire.

The EC competition directorate has warned that a renewal of the block exemption will depend heavily on car prices staying broadly within the EC's guidelines for price differentials.

These state that prices should not differ between EC member states by more than 12 per cent in the long-term or by more than 18 per cent for periods of less than a year.

Bundesbank reward for fiscal chastity

By Christopher Perkes in Leipzig

VIRTUE MAY BE its own reward but the Bonn government's vow of chastity in matters fiscal yesterday won it a welcome bonus from the Bundesbank.

An unusually sunny Mr Helmut Schlesinger, president of the German central bank, noted first that it was the third anniversary of the introduction of the D-Mark into eastern Germany. Then, passing over the widespread belief that that event lies at the root of most of Germany's current problems, he unveiled a cut of half a percentage point in the key discount lending rate. The fifth since the bank started its tightrope progression since last autumn, it brought the bank's effective floor rate down to 6.75 per cent.

The move was backed up by a less expansive quarter-point slip off the Lombard rate, now down to 8.25 per cent.

According to Mr Schlesinger, the cuts were prompted by comforting monetary, political and economic indicators. But the closing link in the chain was last weekend's coalition package of public spending



Bundesbank president Helmut Schlesinger announcing the interest rate cuts in Leipzig yesterday

cuts worth some DM25bn (£9.8bn). Bonn, after considerable if subtle pressure from the Bundesbank, had done as it was told. The coalition had come up with more cuts rather

than taxes to patch the gaps in its budget. Crucially, its package was skilfully engineered to resist erosion by political opposition. If the chain remains intact, the Bundesbank seems

certain to offer more. They are once more en route to chipping the discount rate to 6 per cent or even lower by the end of the year. Longer term, said Mr Schlesinger, the rewards may

be more widely distributed if the economy turns up at the end of the year, as he expects, as the taxation under the "Solidarity Pact" may become somewhat less of a burden.

The Bundesbank has made little apparent effort to conceal its scorn for Bonn's attempt to tax its way out of the red with its springtime solidarity pact. Just as its anger at having its advice ignored by government has been reflected in the snail's pace progression of interest rate cuts (the last of which was on April 23), so its pleasure at the weekend coalition deal was reflected in yesterday's unexpectedly generous move.

Explaining the decision, Mr Schlesinger ran down his checklist, peppering his routine script with optimistic asides. Inflation of 4.1 per cent last month was still too high, but "happily" the rate of growth was significantly weaker.

Money supply growth in May eased to 6.7 per cent year-on-year, down from 7 per cent a month earlier, although it is still above the target ceiling of 6.4 per cent. A "slight tendency" to weakness in the German currency had stabilised in

recent days. He noted that the economy was also stabilising.

He cited Hamburg economists' predictions that recovery would start at the turn of the year.

Despite his apparent confidence, Mr Schlesinger well knows - and often says - that too much should not be read into short-term trends.

The Bundesbank prides itself on its medium- and long-term outlook, but its decision yesterday seemed based mostly on recent developments which have yet to become established trends.

Inflation is still expected to average 4 per cent this year - double the bank's optimum level.

Optimism on the economy is based on an uncertain end to the decline in output and a slight increase in foreign orders.

By the Bundesbank's own standards, such a delicate substructure demands continuing caution.

But at the same time the delicate health of the international economy - and particularly that in Germany - demands more than cheerful noises from Mr Schlesinger and his colleagues.

Germany's partners to keep up pressure

By Peter Norman, Economics Editor

THE Bundesbank's interest rate cuts will go some way to ease tension in the European exchange rate mechanism and may limit criticism of German monetary policy at next week's Group of Seven economic summit in Tokyo.

But, although the half-percentage point reduction in the discount rate to 6.75 per cent was more than the purely symbolic cut forecast by many pundits, economists and commentators yesterday said Germany's trading partners would expect further rate cuts from the Bundesbank in the future.

In recent weeks, foreign governments have been piling on the pressure for a lowering of German borrowing costs in successive meetings of international monetary officials.

The tension increased sharply in the days ahead of yesterday's Bundesbank council meeting in Leipzig.

Late last week, Mr Edmond Alphandery, the French economics minister, found himself embroiled in a Franco-German row after demanding a German rate cut.

On Wednesday, President Bill Clinton joined the fray by saying the purely symbolic cut forecast by many pundits, economists and commentators yesterday said Germany's trading partners would expect further rate cuts from the Bundesbank in the future.

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ment, even after recent budget cuts, and the relative weakness of the D-Mark on foreign exchange markets, many outside Germany said the Bundesbank must do more.

"I don't think anyone will ease the pressure totally because of these cuts," predicted Mr Gerald Holtham, chief economist at Lehman Brothers, in London. "Given Germany's plans for tax increases and spending cuts, interest rates should go down a lot further, to about 3 per cent," he said.

However, Mr Hermann Remperger, chief economist at the BHF-Bank in Frankfurt, said the bigger than expected cut in the discount rate showed that Germany was more ready to assist the world economy than many people anticipated. He said he expected the discount rate cut would be

followed quickly by reductions in bank lending rates which should be positive for its own economy. Yesterday's rate cuts would enable the Bonn government to appear at next week's G7 summit proclaiming that Germany had taken steps both to reduce interest rates and limit its budget deficit.

The Bundesbank's comment that it was "continuing its policy of cautious rate cuts" indicated that German interest rates had further to fall. However, nobody should expect any promises at next week's G7 meeting because central bankers would not be attending the talks.

In the ERM, the Bundesbank decision prompted rate cuts in Denmark, Ireland, Belgium and the Netherlands, while Austria and Switzerland, which

link their currencies to the D-Mark, also cut rates. There was no early move to follow the German rate cuts in France, although officials welcomed the Bundesbank move.

In Britain, the Treasury also welcomed the German action but made clear that UK base rates at 8 per cent would stay unchanged for the time being.

However, Mr Gordon Brown, the Labour party's economics spokesman, said the government should announce a cut in rates as part of Europe-wide interest rate reductions.

Mr Brown said that Mr Kenneth Clarke, the chancellor, must ensure that next week's G7 summit "addresses the need for co-ordinated worldwide action to boost growth and employment".

of their lifetime and how to dispose of nuclear waste.

Atomforum, the nuclear industry's main lobby, welcomed the fact that negotiations between the SPD and the government parties would continue.

It said the departure of the Greens would facilitate a compromise.

But the break-down of the consensus talks will make it more difficult to reach a solution on the disposal of nuclear waste. The Greens are members of the SPD coalition government in two states where nuclear waste disposal plans have been mooted.

Seven leading European electricity companies yesterday repeated opposition to proposals for a European Community energy tax, intended to help combat global warming, adds Bronwen Maddox, Environment Correspondent.

The joint statement, first made a year ago, was released yesterday in London at a conference because the companies believe there is growing pressure for the tax in Brussels.

The signatories are: Powergen and Scottish Power (UK), Electrabel (Belgium), Union Fenosa and Endesa (Spain), RWE and VEAG (Germany).

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Daimler-Benz to reclaim east German property

Issue raises doubts on treaty, writes Judy Dempsey

DAIMLER-BENZ, Germany's largest industrial holding company, is seeking to reclaim property in eastern Germany which was expropriated during the Soviet occupation between 1945 and 1949.

The decision throws into question the interpretation of Germany's unification treaty which states that "the expropriations on the basis of the Occupation Law (1945-1949) are irreversible."

If Daimler-Benz can prove that the Soviet Union never asked for the irreversibility of these expropriations, then thousands of former owners of industry and land in eastern Germany could claim back their property.

Over 14,000 landowners, covering 13,000 square miles, had their property expropriated during this period. Many include former aristocratic land owners in Prussia. Precise figures concerning the amount of industrial property expropriated are not available.

If the claim by Daimler-Benz is successful, it would also mean that efforts to speed outstanding claims on property in eastern Germany would be set back for many years.

Daimler-Benz said yesterday it was simply "acting on behalf of its shareholders. They

regard it as our duty to do so. If there is any chance to get the property back, we would try to get hold of it," a spokesman added.

Daimler-Benz is also acting on behalf of Mercedes-Benz.

If the claim is successful, it would mean efforts to speed outstanding claims in eastern Germany would be set back for many years.

Dasa, and AEG, the electronics company which before 1945, had 90 per cent of its manufacturing base located in eastern Germany.

All three are part of the group's holding company.

The spokesman denied that by claiming back its industrial sites, Daimler-Benz was challenging the unification treaty.

"We started putting in our claims in late 1990 in order to keep our rights alive so that when there would be any change in the unification treaty, we would be in a

position to claim our rights," said the spokesman.

Under the unification treaty, those whose property was confiscated between 1933 and 1945, and between 1949 and 1990, have the right to restitution, or compensation.

Until recently, it had been claimed by the German government, that as a precondition for the unification of the two Germanies, the Soviet Union had insisted that no property which it expropriated during its occupation of eastern Germany between 1945 to 1949 should be given back to their former owners.

But Daimler-Benz, and other claimants are now arguing, in the light of documents available from Moscow, that the Soviet Union never insisted on this clause.

Instead, they claim Moscow only asked that the "lawfulness" of decisions made by the Soviet Union between 1945 and 1949 should not be questioned by courts in Germany.

They claim that the last east German government, which was led by Mr Lothar de Maiziere, did not want aristocrats to claim back their property, and had used the Soviet Union "precondition" as a means of preventing their return.

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Industry leaders welcome tax cuts

By Quentin Peel in Bonn

LEADERS OF German industry yesterday abandoned their recent harsh criticism of the ruling coalition in Bonn, and praised a hard-fought compromise which will cut corporation tax from 53 per cent to 47 per cent of earnings.

The deal, negotiated between the two houses of the German parliament, is less generous in the headline tax rate than the German government originally intended: the proposal approved by the Bundestag, the lower house, would have cut the rate to just 44 per cent.

However the compromise negotiated after nine hours of talks late on Wednesday will reinstate depreciation allowances for company investments of up to 30 per cent, instead of cutting them to 25 per cent as planned.

That deal was welcomed yesterday by both the federation of German industry (BDI) and the German chambers of industry and commerce (DIHT), both of which have been highly critical of the government recently.

They had fought, supported by the opposition Social Democrats, to reinstate the 30 per cent depreciation allowance.

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Rome faces snub over pay accord

By Robert Graham in Rome

CONFINDUSTRIA, the Italian industrialists' confederation, and the unions have reacted coolly to last minute government proposals to break a deadlock over wage and work conditions.

The government has staked its prestige on a quick deal which would signal there was no danger of a return to wage inflation. An agreement is also seen as an important pre-condition for providing a stable climate for the 1994 budget.

Talks between employers and the unions aim to produce a new framework for industrial relations and wage guidelines after last August's abandonment of the *scala mobile* system of indexed wages. Since then, there have been desultory efforts to find a new formula with some guarantee against wages being eroded by inflation and more flexibility in Italy's labour laws.

One deadline has already passed this week and another has been set for Saturday. In forcing the pace for an agreement, the government of Mr Carlo Azeglio Ciampi has dramatised the consequences of failure warning of harm to all three sides.

Confindustria has taken advantage of a weakened union movement and the recession to force through changes. The proposals include the principle of productivity-linked pay, and limits on the continued high level of social security contributions and the

invisible labour costs born by employers.

The unions are fighting to save their waning influence - still based round three confederations reflecting the Cold War division of the labour movement. The CGIL, the most powerful federation traditionally controlled by the communists, risks a split if the Confindustria ideas are even partially accepted.

Confindustria wants to end the practice of dealing with unions at both national and local level. The organisation is proposing a minimum national wage with individual industries and companies free to make their own local productivity deals.

They have also suggested companies make "temporary" pay increases above the minimum which are not calculated for social security contributions. These increases can be removed if necessary the following year and do not raise the overall level of social security contribution.

On Wednesday, the government announced that a five man team headed by Prof. Mario Draghi, the director-general of the treasury, had been given a month to finalise procedures for the privatisation of ENEL, the electricity authority, INA, the insurance institute, Stet, the telecoms group, Agip, the oil production arm of ENI and three financial institutions - IMI, Comit and Credit.

Italian corruption inquiry widens

By Haig Simonian in Milan

MR Giampaolo Zambelletti, the former owner and managing director of one of Italy's leading independent pharmaceuticals companies, yesterday gave himself up to Milan magistrates investigating political corruption.

The move follows the arrest earlier this week of Mr Ambrogio Secondi and Mr Cristiano Stelger, respectively chairman and managing director of the Italian subsidiary of SmithKline Beecham, the multinational pharmaceuticals group. The group now also owns Zambelletti. Separately, magistrates have issued a warrant against Mr Claudio Cavazza, chairman of Sigma Tau, another leading independent pharmaceuticals group, and a former chairman of the Italian pharmaceuticals association.

The arrests follow allegations that some leading pharmaceuticals companies paid large kickbacks to Mr Francesco De Lorenzo, a former health minister under investigation for corruption, in return for favours including faster product approval and privileged treatment in state-administered pharmacies.

The allegations have been made by Mr Giovanni Marone, Mr De Lorenzo's former secretary, who was arrested earlier this year and whose testimony has been widely leaked.

The pharmaceuticals federation, chaired by Mr Secondi, said it had given its lawyers authority to contact the magistrates and offer its "fullest co-operation" in the inquiries.

Spectre of strife stalks Ukraine

Chrystia Freeland on moves to prevent a schism between west and 'Russified' east

THE massive granite government buildings circling Kharkiv's out-sized central square are a legacy of the 1920s when this gritty eastern Ukrainian industrial city was the capital of Soviet Ukraine.

When Stalin's grip over the second-most powerful Soviet republic grew firmer, he shifted its government west to Kiev, the nation's traditional centre, but the factory bosses of the largely Russian-speaking eastern regions remained the most powerful force in the country.

That changed when Ukraine became independent nearly two years ago. Since then, the influence of eastern Ukraine has waned and many of its traditional links with Russia have been severed. Instead, western Ukrainian politicians, propounding a nationalist ideology foreign to the eastern regions, have come to the fore with promises to pull Ukraine out of Russia's orbit and bring it into Europe.

While western and central Ukrainian politicians see independence, in the words of



Ukrainian President Leonid Kravchuk, as "the fulfilment of the centuries-old dream of our forefathers", eastern Ukrainians are more inclined to dwell on the costs of separation from Russia.

At a meeting between the Ukrainian and Russian prime ministers in Kharkiv on Monday, one eastern Ukrainian regional government official described the repercussions of breaking away from Russia, which ruled his area for more than three centuries.

"This separation has cut our very hearts in two," he said. "Not only have links between factories been severed, but families find themselves cut in two by what used to be a symbolic border."

Some Ukrainian leaders and western observers fear the growing disquiet in the east could give rise to a separatist drive to re-unite eastern Ukraine with Russia. That, in turn, could plunge Ukraine into a messy civil war.

Concerns about a civil war are not confined to marginal Cassandras. Ukrainian President Leonid Kravchuk himself hinted at this worst-case scenario in a recent television address. Warning eastern Ukrainians against provoking a regional schism, Mr Kravchuk said darkly: "We cannot allow our nation to step across the chasm into chaos, anarchy and then dictatorship."

Mr Kravchuk's warning is particularly ominous because a civil war between the nationalist west and the Russo-phobic east could easily drag in Russia.

Mindful of the potentially

explosive repercussions of a split between eastern and western Ukraine, Kiev is bending over backwards to appease the east. Earlier this month, the government broke the national budget and agreed to hold a referendum in September to end a strike by eastern Ukrainian coal miners.

These economic concessions, which are likely to push the Ukrainian economy into hyperinflation, point to the double-barrelled problem Kiev faces in eastern Ukraine. Not only is the east the region most disenchanted with Ukrainian independence, but it is also Ukraine's rust-belt, home to loss-making coal mines and heavy industry, which must be closed if the government is to pursue market reforms.

Another effort to mollify eastern Ukraine can be spotted in Kiev's new, more conciliatory approach to its political, military and economic disputes with Russia. Ukraine has bent to Russian claims over the Black Sea Fleet and at their meeting in Kharkiv on Monday the Ukrainian and Russian prime ministers agreed to liberalise customs controls along the 850-mile border between the two Slav states.

But Ukrainian leaders at the Kharkiv meeting also made clear that there is a limit as to how far they will go to appease eastern Ukraine.

Mr Viktor Chernomyrdin, the Russian prime minister, clearly buoyed by the pro-Russian sentiments of Ukrainian regional government officials, suggested light-heartedly that the border between Ukraine and Russia be moved to Romania in the west and Vladivostok in the east.

That solicited a sharp rebuff from Mr Ivan Plushch, the chairman of the Ukrainian parliament and one of the most powerful figures in Kiev. After speaking of the need for better economic ties with Russia, Mr Plushch warned: "If anyone thinks that this is a path to the recreation of a new union of republics, then he is sorely mistaken."

The challenge for Mr Plushch and his colleagues in Kiev is to appease eastern Ukraine without jeopardising their country's independence.

Moscow urged to toughen line on Estonia

By John Lloyd in Moscow

THE Russian parliament yesterday called on the government to put pressure on Estonia in retaliation for its adoption of a law on aliens which obliges non-ethnic Estonians to apply for citizenship and pass a language exam within a year.

The resolution, which said pressure should be applied "politically, economically and

in other ways including the suspension of the withdrawal of (Russian) troops" was a rare case of unity in the usually bitterly divided Russian parliament. The unity reflects the depth of feeling among Russians over what is seen as discrimination against their ethnic kin. Nearly 600,000 Russian-speakers live in Estonia in a population of 1.6m - most of whom went after the war to work in the

newly-established Soviet factories.

The resolution says the adoption of the aliens law and a further electoral law, "could not be regarded as a purely internal affair" of Estonia. The wording shows that Russian law-makers believe they have the right to intervene in their neighbours' internal politics when Russian rights are in question.

Mr Boris Yeltsin, the Rus-

sian president, has already warned the Estonian government to change its mind on the issue - a threat which made Mr Lennart Meri, the Estonian president, say that he would not ratify the law until he had sought expert advice from the Council of Europe and the Conference for Security and Co-operation in Europe.

Estonia's Russian population has been infuriated by the new law. The citizens of Narva, the

mainly-Russian city in the north-east, have said they will hold a referendum on July 16 and 17 on forming an autonomous state, a move which Mr Erik Truuvyrt, Estonia's highest judicial authority, said breached the constitution. On Wednesday, 5,000 demonstrators gathered in the town of Sillamäe, near Narva, to protest against the aliens law and demand that the referendum on autonomy goes ahead.

Bosnia's armies in battles to gain land

By Laura Silber in Zagreb

SERB forces yesterday pounded Gorazde, the besieged Muslim enclave proclaimed a United Nations "safe area", amid intense clashes in northern and eastern Bosnia.

Bosnian radio said many people were killed and wounded in the Serb artillery attack on the last remaining Muslim stronghold in the east. The report could not be independently confirmed.

UN officials said at least 74 shells slammed into Gorazde, one of six Muslim enclaves proclaimed as safe areas.

In the strategic south-western town of Mostar, fighting appeared to ease after the Muslim-led Bosnian army reportedly seized control of a Croat barracks and advanced to the north. Croat commanders in Bosnia yesterday denied reports of Muslim gains. "They cannot move. We have them surrounded on three sides and the Serbs are on the fourth," said Mr Drago Maric, an official of the Croatian Defence Council (HVO).

"The Muslims want to connect up Mostar to Jablanica and Konjic, where the bulk of their forces are," he said in reference to Muslim-held towns in central Bosnia.

The Muslim-led Bosnian army over the past week has tried to press forward to link up its scattered enclaves. Muslims fear that their six isolated enclaves will fall to the more powerful Serb and Croat armies. In an apparent bid to isolate Zenica and Tuzla, also designated safe areas, Croat and Serb forces launched a joint attack on Zepce amid continued shelling of nearby Maglaj, in north-central Bosnia.

Russia's reforms fail to tackle industrial decline

By Leyla Boulton in Moscow

RUSSIA will continue to suffer from high inflation and economic decline because its divided leadership is pursuing only partial economic reforms, according to the head of the government's own forecasting centre.

Mr Yakov Urinson said that despite the efforts of Mr Boris Yegorov, the finance minister, to pursue financial stabilisation and encourage economic restructuring, the latter had been frozen by money being poured into inefficient enterprises.

Mr Urinson poured cold water on claims by some government ministers that industrial production had finally stabilised.

He pointed to the fact that not one enterprise had gone bankrupt.

"It will be hard on both the country and the government as long as the latter contains people with diametrically opposed views on reforms," he said, also blaming "braking" action by the conservative-dominated parliament.

But, if under the best circumstances the government maintains moderately restrictive credit policies, begins to focus social welfare payments and launches an industrial policy, the centre forecasts that annual inflation will fall to 950-1,150 per cent this year, down from 2,600 per cent in 1992.

Only if those conditions are met will the government be able to achieve 5-7 per cent monthly inflation by the end of the year.

The centre's experts forecast that significant progress will be made in eliminating price distortions in the economy if

The International Monetary Fund has reached preliminary agreements with Belarus, Kazakhstan and Slovakia on loans under its new systemic transformation facility, and is at work on a similar agreement with Ukraine. Mr Michel Camdessus, the IMF managing director said yesterday, writes George Graham in Washington. The IMF board approved on Wednesday a \$1.5bn (£1bn) loan for Russia under the facility, which was created earlier this year as a way of speeding up the flow of aid to the former Soviet bloc.

But Mr Camdessus insisted he would not be rushed by pressure from the US and other members of the Group of Seven leading industrial countries into concluding negotiations on the second \$1.5bn tranche to which Russia should be entitled under the facility.

Liberalising of energy prices is completed by the end of this year.

The centre's forecasts suggest that industrial production will fall by 13-15 per cent this year compared with a 19 per cent drop last year.

In 1994, gross domestic product might decline by 3-7 per cent. Economic growth could resume in 1995.

Exports are expected to shrink by just 5 per cent to \$38bn (\$26.5bn), if Russia can maintain oil exports at last year's level.

The latter's volume increased by 20.6 per cent in the first quarter of this year.

Imports will fall sharply to 86 per cent of last year's level, partly because of a shortage of government funds to subsidise imports.



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Economic activity to expand 'modestly' this year

By Emma Tucker,
Economics Staff

OECD ECONOMIC activity in the industrialised world will expand only modestly this year and unless German interest rates continue to fall rapidly, recovery in Europe will be delayed until late next year.

In its half-yearly Economic Outlook published yesterday, the Organisation for Economic Co-operation and Development projects growth of 1.2 per cent for its 24 members this year and a moderate recovery in 1994, but warns that the upturn could easily be upset, especially in continental Europe.

Unemployment will continue to rise in virtually all of the member countries and could reach 36m-38m per cent of the

labour force—in the first half of next year.

The good news is that inflation will slow, with many OECD countries experiencing the lowest rates for decades. If the opportunity to lock into low inflation is seized, the recovery, once it comes, could usher in a prolonged period of sustained OECD growth, the outlook projects.

Several uncertainties surround the projections. In particular, continuing debt reduction may damp demand by more than has been estimated. The OECD says although progress has been made in cutting excessive debt accumulated in the late 1980s, borrowers and lenders are still cautious. This is apparent even in the US where the most significant progress has been made.

High European interest rates continue to act as a drag on recovery. The outlook says it is not clear how far interest rates

will have to fall from current levels to spur recovery but lack of progress on tackling Germany's European exchange rate mechanism partners "may have to continue to maintain interest rates above levels warranted by their domestic economic situations."

Scope for stimulating growth is limited in virtually all OECD countries because of the need

to cut budget deficits. Plans by several member countries to cut public spending could have a negative short-term effect on demand that may not be offset by the favourable impact of lower long-term interest rates.

External factors also continue to pose some risks, in particular exchange rate pressures and widening external imbalances. The latter is putting policy makers under pressure to extend protectionist measures, says the Outlook.

Crucial to sustained recovery is a rebuilding of consumer and business confidence. Governments could contribute to this by bringing the Uruguay Round to a rapid conclusion.

Other OECD highlights:

- **Fiscal policy:** The immediate task facing governments is to ensure their macroeconomic policies underpin non-inflation-

ary growth. But this is not easy, particularly when rising unemployment puts pressure on governments to loosen fiscal policy. Recently announced fiscal packages in Japan need to be implemented as quickly as possible to boost demand while growth is still weak.

The sharp deterioration of public sector finances in the UK and France are described as "disquieting" and not

entirely due to sluggish activity. Both cases underline the need to tighten fiscal policy in the medium-term and the already announced tax rises in the UK may be essential to credibility, says the Outlook.

In the US and Germany further measures are necessary to cut budget deficits. The US deficit is projected to widen again after 1993 unless the Administration takes action before the end of its term of office.

Unless Germany reigns in spending, it and other ERM countries may have to live with high real interest rates in the future.

● **Monetary policy:** With room for manoeuvre on the fiscal side restricted, most of the burden for supporting a sustained recovery will fall on monetary policy. Outside continental Europe, monetary conditions are consistent with actual or incipient recoveries, says the outlook. If recovery falters a

further cut in interest rates would be in order but only if inflation remains subdued.

For many continental European countries even modest recovery depends on further interest rate cuts. Falling output and wage moderation should make an easing of monetary conditions possible for Germany. Such a move would have to be judged carefully, however, in order not to compromise price stability.

● **International issues:** Differences in cyclical positions between countries could lead to widening of the absolute levels of current account imbalances. The OECD says there is a danger that bilateral deals to cut trade imbalances will undermine multilateral bargaining in the Gatt.

OECD Economic Outlook, OECD Publications, Electronic Editions, 2 rue Andre-Pascal, 75775 Paris Cedex 16. 1993 annual subscription

UK recovery hit by downturn across Europe

ECONOMIC recovery is under way in the UK, but its strength is open to question, writes Emma Tucker.

The most positive scenario outlined in the Economic Outlook is that low inflation and continued recovery in consumer confidence fosters stronger than expected growth. But rapid deterioration of economic prospects in Europe could check recovery as demand for exports stays subdued.

The scope for further interest rate reductions depends on government ability to stay within its inflation target range of 1 to 4 per cent, says the OECD. But long-term bond yields of over 8 per cent, reflecting inflation expectations above the ceiling of the target range suggest that financial markets have yet to be convinced by the government's medium-term strategy for controlling inflation.

Overall, the OECD's forecasts are slightly more optimistic than the UK government's own predictions, with gross domestic product forecast to grow by 1.8 per cent this year and by 2.5 per cent next.

The rise in output will be led by a recovery in private consumption and residential construction, broadening to other areas in the second half of the year as adjustment to corporate balance sheets tails off and de-stocking ends.

After that, public investment and the "continuing resilience" of investment by the newly-

privatised utilities should act as a support to growth, according to the report.

The OECD believes the government deficit will stop rising next year. It estimates, however, that the cyclical component of the deficit—the short-fall that occurs purely as a result of recession—accounts for only between one half and one quarter of the total deficit.

In a separate article, the OECD points out that high tax revenues during the buoyant years of the 1980s were used by certain member countries to reduce tax rates, rather than to ensure greater fiscal consolidation and reduce public debt.

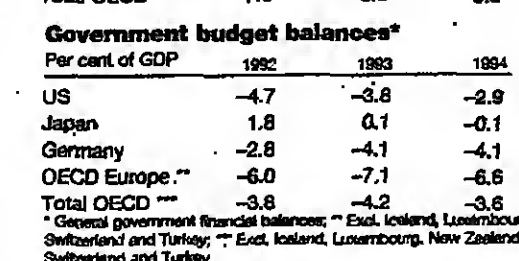
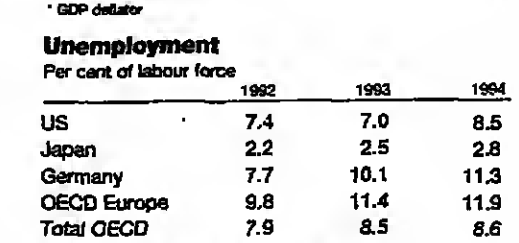
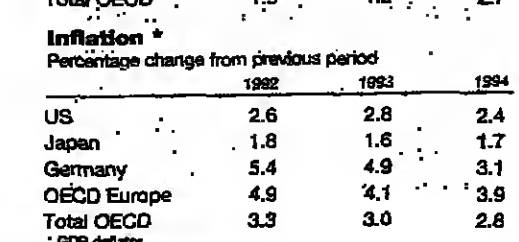
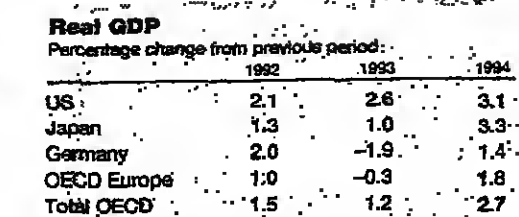
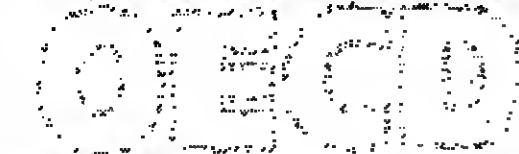
"The most that was achieved was a stabilisation of the debt ratio at the end of the 1980s, meaning that the current increase in government debt, relative to GDP, is taking place from a worse initial position than in the previous cycle," it says.

The UK's trade position is also a source of concern. The widening of the current account deficit, possibly rising to about 3 per cent of GDP, could constrain the scope for non-inflationary growth.

The OECD believes the short-run outlook for wages, unit labour costs and retail prices to be benign. Its central projection, however, is that the sharp rise in import prices after devaluation will be largely offset by stable unit labour costs and considerable slack in the domestic economy.

What the future holds

OECD Secretariat estimates, seasonally adjusted annual rates; German data for the whole of Germany



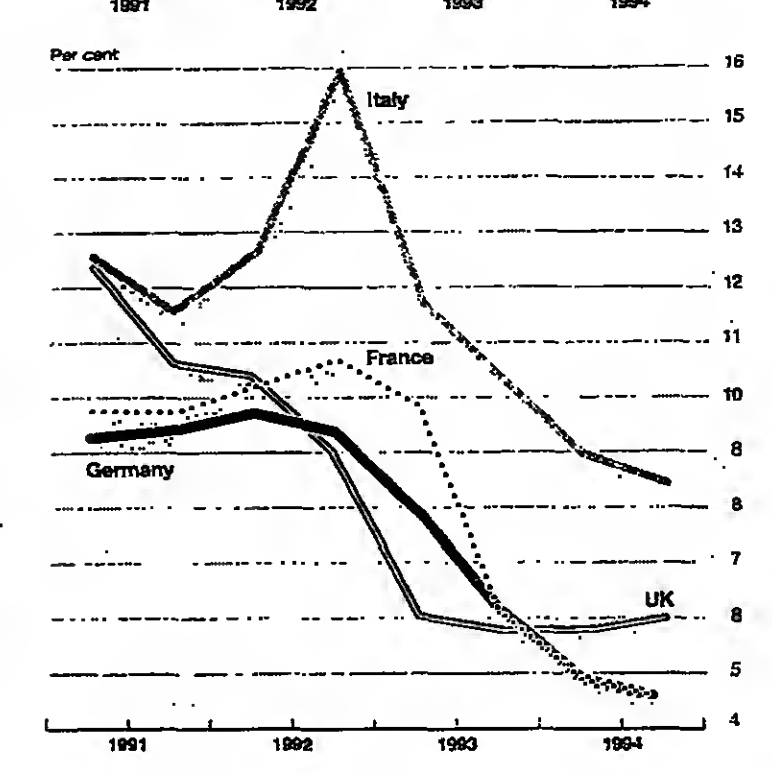
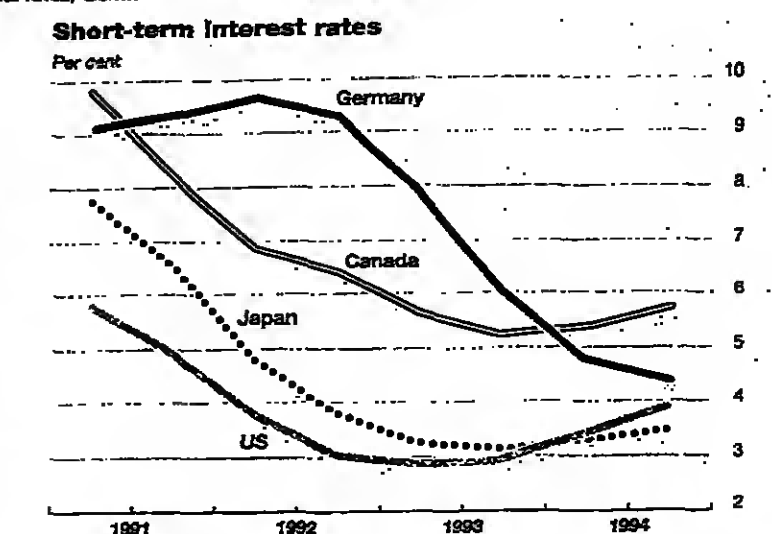
● **General government financial balance:** * Excl. Ireland, Luxembourg, Switzerland and Turkey. ** Excl. Ireland, Luxembourg, New Zealand, Switzerland and Turkey.

Bank managers and directors have also been acutely anxious to avoid any repetition of their debacle over the Narmada dam project in India. Sustained criticism of the project from local activists and environmental groups around the world forced the bank to appoint an independent commission whose damning findings eventually led India to withdraw its request for bank funding.

The summary point is simple: neither the board nor the president want more surprises about problems with on-going projects," says the draft paper on the establishment of an inspection panel circulated within the bank.

But the internal debate has been sharpened and greatly accelerated by the prodding of the US Congress, in the person of Mr Barney Frank, the Massachusetts Democrat who chairs the House subcommittee which oversees International Development issues.

Mr Frank's lever is that he controls the legislation to authorise Washington's \$3.75bn (\$2.5bn) contribution to the



Sweden bottom of the growth league

SWEDEN'S conservative-led government yesterday responded to the indignity of falling to the bottom of the OECD's growth table by stressing the improvement it expects in the recession-hit economy next year, including a big downward revision of its inflation forecast, writes Hugh Carnegie in Stockholm.

The predicted fall of 2 per cent in Swedish GNP this year is the worst performance among the OECD's 24 members. A forecast budget deficit equivalent to 13 per cent of GNP was no less painful. But the government took some comfort in the OECD's forecasts for 1994, when export growth and the effects of budget cuts are

expected to start taking effect. The OECD predicts GNP growth of 1.4 per cent next year, compared with the government's forecast of 1.2 per cent. The government's inflation forecast for 1993 is cut to 4.6 per cent from 5 per cent, and for 1994 to 2.8 per cent from 3.3 per cent.

NEWS: THE AMERICAS

Pensions and profits block six-year agreement

US steel contract back in melting pot

By Laurie Morse in Chicago

A MUCH-HERALDED labour agreement by the United Steel Workers Union and one of the largest US steelmakers has come apart during ratification, sending negotiators back to the bargaining table.

The contract hit a snag shortly after ratification ballot papers had been sent to the 9,000 USW members covered by the pact.

The union and Chicago-based Inland Steel discovered serious differences in the accounting used to determine pension liabilities and profit-sharing rights. The differences resulted in about \$5m in lost income for union members, union negotiators said.

Rather than open the completed ballot papers, which were expected to approve the contract, local union leaders held them for nearly a week at a post office in East Chicago, Indiana, and then burned them on Wednesday.

"We're going to have to send a whole new ball out," said Mr Gary Hubbard, a spokesman at the union's national office in Pittsburgh.

Inland Steel and the union announced tentative agreement on the unprecedented six-year contract on May 27. The current Inland contract is to expire on July 31.

The new pact was to serve as a model for negotiations at LTV, Bethlehem Steel and National Steel, the country's

largest integrated steel producers, which also have July 31 contract deadlines.

The agreement provided for high levels of co-operation between the union and Inland, with both sides seeing it as a stabilising influence on the industry.

The US steel industry has undergone drastic restructuring in the past decade. It is fighting competition from abroad and from more efficient domestic mini-mills with non-union labour.

The incident is an embarrassment for the union and a frustration for Inland. "It is troubling—we're trying to demonstrate a new partnership and power-sharing with this contract," Mr Hubbard said.

Developing a more worldly bank

George Graham on plans at the World Bank for improving its project management

THE World Bank will next week hold three days of discussions on reforms that could radically alter the way the Washington-based development institution operates.

Executive directors representing the shareholder countries will discuss working papers proposing steps to halt the decline in the quality of the bank's loan portfolio, policies for disclosure of information, and the establishment of an inspection panel to review complaints from the public about bank-funded projects.

Some of the changes result from several months of argument and soul-searching among managers and directors of the bank, provoked by a report last year from Mr Willi Wapenhans, a former senior bank official, on the deterioration in the quality of the bank's portfolio.

The Wapenhans report said that more than 75 per cent of World Bank projects showed acceptable performance, but warned that the proportion of projects with big problems had risen from 11 per cent in

1981 to 30 per cent in 1991. Bank managers and directors have also been acutely anxious to avoid any repetition of their debacle over the Narmada dam project in India. Sustained criticism of the project from local activists and environmental groups around the world forced the bank to appoint an independent commission whose damning findings eventually led India to withdraw its request for bank funding.

The summary point is simple: neither the board nor the president want more surprises about problems with on-going projects," says the draft paper on the establishment of an inspection panel circulated within the bank.

But the internal debate has been sharpened and greatly accelerated by the prodding of the US Congress, in the person of Mr Barney Frank, the Massachusetts Democrat who chairs the House subcommittee which oversees International Development issues.

Mr Frank's lever is that he controls the legislation to authorise Washington's \$3.75bn (\$2.5bn) contribution to the

International Development Association, the World Bank affiliate which provides concessional interest rate loans to the poorest countries.

In negotiations with the World Bank and the US Treasury, Mr Frank has implicitly, although not publicly, made the IDA contribution conditional on improvements in the bank's disclosure and appeals procedures.

The documents produced for next week's board discussions are still viewed as inadequate by the environmental groups that have been at the forefront of demands for greater transparency in World Bank operations.

They also fall short in some respects of the understanding US officials thought they had reached in their negotiations with the bank. Nevertheless, they go much further than before in meeting demands from environmentalists and shareholder governments for greater transparency.

The draft papers propose two options for the setting up of an

inspection process. One idea, raised by the Dutch and German executive directors, is for a single inspector who would not only investigate outside complaints but also review a random sample of bank projects.

A second proposal would involve three independent inspectors, reviewing only projects about which complaints had been received.

While there are still questions about details such as budgets and the publication of inspection reports, the second proposal seems likely to prove broadly satisfactory to the US Congress.

The draft paper on disclosure, however, raises more problems. Although the bank proposes publishing final staff appraisal reports on projects and final country reports, early information on projects would be available only in specially prepared Project Information Briefs. Critics led by the Environmental Defence Fund have circulated comments insisting on the publication of early project documents, "not fairy-tale versions of them".

"Next Steps" introduces portfolio performance reviews for each borrower country, but also promises changes in personnel practices to increase the importance attached to portfolio management in staff reviews and promotions.

"It is hardly possible to over-emphasise the importance of these incentives to reinforce the change in culture towards implementation," says the document.

It argues that reversing the decline in the quality of the portfolio must be given the highest priority in the bank's agenda.

The third paper, "Next Steps", is designed to follow up the Wapenhans report with measures to improve portfolio performance. An earlier version was dismissed by shareholder countries as inadequate, and the new document attempts to offer stronger measures to shift the bank's corporate culture away from one in which employees are rewarded for approving ever greater volumes of loans, towards one which focuses on implementation.

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Washington announces big cuts in military bases abroad

THE US Defence Department yesterday announced the largest cuts in its overseas bases for three years, including the closure or reduction of operations at 92 installations. AP reports from Washington.

Thirteen big installations are affected, including Bitburg air base in Germany, which will have reduced operations.

The announcement brings to 840 the number of US sites overseas where operations have been trimmed since 1980, 773 of them in Europe.

The department said the cuts were the first to be guided by

President Bill Clinton's decision to reduce US forces in Europe to 100,000 by September 1996, rather than the 150,000 planned by the Bush administration. Some of the closures have been reported in Europe.

Facilities to be shut down include the units in Germany that guarded the Fulda gap, which military strategists consider the traditional invasion route into southern Germany.

The department said the changes in the overseas bases would affect 24,000 US military jobs, 6,000 US civilian jobs and 7,300 local employees. Some US

individuals may be transferred to the US or elsewhere but many are losing their jobs because of the overall reduction in forces under way since the Bush administration.

Most of the affected facilities are in Germany, but a few are in the Netherlands, the UK and Korea.

The department said it was reviewing other sites worldwide for full or partial return to host governments. Mr Clinton is preparing to send to Congress a list of dozens of domestic US bases that will be closed or reduced.

Government loses close election in Belize

By Canute James in Kingston

MR Manuel Esquivel, a 53-year-old businessman, is to be sworn in by the weekend as prime minister of Belize, following a narrow victory by his United Democratic party in the general election on Wednesday.

Preliminary results yesterday gave the UDP 15 of the 28 seats in the Central American state's assembly, with 13 for the People's United party of Mr George Price, the long-serving prime minister. A recount was under way in one constituency.

The result suggests a miscalculation by Mr Price, who called the election 15 months before it was due. He had hoped to be returned to office on the basis of steady economic growth in the former British colony. Also, the PUP had done well in recent by-elections.

In the month-long campaign, however, Mr Esquivel's UDP closed the gap, arguing that Mr Price's administration was corrupt. He charged the government with having given Belizean citizenship and voting rights to thousands of refugees from neighbouring Guatemala, Honduras and El Salva-

dor in a bid to win the election. Mr Esquivel also proposed free education, from primary school to university, as well as income tax concessions.

The PUP's loss has raised questions over the political future of Mr Price, who has dominated the politics of the country of 200,000 people for 40 years, and has been its political leader for all but five years since 1984. If Mr Price steps down as PUP leader, he is likely to be succeeded by Mr Said Musa, foreign minister, or Mr Florencio Marin, a former deputy prime minister. Mr Esquivel, who was prime minister

in 1984-1989, is not expected to bring any great political changes to Belizean domestic affairs.

During the campaign, however, he accused the Price administration of making too many concessions to Guatemala in an effort by the government to bury for good a 130-year-old Guatemalan territorial claim on Belize, which Guatemala recently declared that it had relinquished.

The opposition leader suggested the suspension of legislation which grants Guatemala access to the Atlantic Ocean through Belizean territory.

NEWS: WORLD TRADE

G7 summit 'crucial' to Uruguay Round

By David Dodwell,
World Trade Editor

CONFLICT over international trade liberalisation will provide "a major test of post-cold war leadership" at next week's Tokyo summit of the Group of Seven industrial countries, according to Mr Peter Sutherland, the new director general of the General Agreement on Tariffs and Trade.

Predicting that the summit will be a "crucial catalyst" for rescuing the stalled Uruguay Round talks on international trade liberalisation, after months of "obfuscation and paralysis", Mr Sutherland said that if leaders failed to reach agreement, the round would be "a pipe dream".

"I don't see any point in fooling ourselves about the seriousness of the situation. It will be extremely difficult - even utopian - to deliver the Uruguay Round by the end of the year if the G7 fails."

A successful agreement could generate \$200bn (£133bn) in new trade each year. Failure is almost certain to trigger damaging tit-for-tat protection among industrial powers.

Noting that he was "increasingly apprehensive" about setbacks in the past week between trade negotiators on market access for manufactured exports and on the US-Japan trade relationship, he said: "So much rests on the G7, I can only hope the negative feelings of recent days are not the reality."

"It is simply not good enough for the G7 to make gen-



Sutherland: criticised "obfuscation and paralysis"

eral protestations in favour of trade reform, as they have for the past five summits," he said. "We need a detailed communiqué that allows negotiators to move on to a multilateral treaty. If the outcome is unclear, it is negative."

France has in recent days set increasingly stringent conditions for any G7 agreement on trade reform.

Mr Sutherland would not comment yesterday on his talks with French President François Mitterrand. "France is the world's fourth largest exporter, and the second largest exporter of services. It has a crucial interest in a satisfactory outcome of the round,

whatever the temporary pressures for protection: the inexorable logic of this should be as clear to the posers that be in France as it is to us."

Mr Sutherland, speaking on his first day in office at the head of Gatt, was emphatic that his own role was limited: "I can't be presented as a magician. I am a facilitator. There is no point in lecturing about hanging heads together if the basic will is not there."

He plans to meet Mr John Major, the British prime minister, and Mr Douglas Hurd, the foreign minister, in London today, as part of a flurry of briefings with G7 leaders ahead of the G7 summit.

Court blow to Nafta is not fatal, but it's more messy

Nancy Dunne on an order for environmental impact study

THE BLOW dealt on Wednesday to the North American Free Trade Agreement by a federal judge in Washington was not fatal, but it provided one more complication to passage of a pact which is as unpopular as any in recent memory.

Lawyers and lobbyists yesterday were scrutinising the order by Judge Charles Richey that President Bill Clinton's administration prepare an environmental impact statement - a procedure which can take months, even years - for submission to Congress.

The order is to go on expedited appeal, which could take about two months. Meanwhile, the ruling will not delay the tight schedule for the agreement's passage, since the administration intends to proceed with the Nafta implementing legislation.

But should the appeal fail there will be no possibility of Nafta coming into effect on its implementation date, January 1 1994. Moreover, the administration would then face new

political battles over the environmental consequences of the pact which might be highlighted by the EIS.

The law requires that the administration submit an EIS with every bill having an impact on the environment, but it has never been applied to trade agreements. The court has not specifically ordered the administration to submit one with the proposed Nafta legislation and Mr Mickey Kantor, the US trade representative, yesterday insisted he could go forward without it.

The implementing legislation for Nafta, which was negotiated by the administration of Mr George Bush, contains various changes in tariffs schedules and laws necessary for the trade pact to go forward.

Ms Lori Wallach, a lawyer with Public Citizen, a consumer and environmental group, yesterday said the court could not issue an order to the president because of the separation of powers provided in the US Constitution. The court,

however, ordered the US trade representative to negotiate a schedule for the EIS with the three organisations which brought the suit.

Ms Wallach, however, said the US trade representative may refuse to negotiate while the appeal is pending.

Mr Kantor and his counterparts in Canada and Mexico will continue trying to find their way out of the existing stalemate on environmental and labour side agreements.

If the Canadians and Mexicans were ever in doubt about the clout and resolution of the environmental lobby, they were given a dramatic demonstration of it on Wednesday.

The administration has a tentative deadline of July 15 for completion of the side agreements. Work is well under way on the implementing legislation, which must be voted on within 90 days of being submitted. Several weeks more will be needed to prepare legislation for the side agreements.

It is likely they will go to

Congress in September, but the time squeeze is severe since preparations will also have to be made to get new tariff schedules ready.

Environmentalists contend that if the court orders an EIS or if the administration prepares one unilaterally, the environmental damage it highlights would hurt the prospects for the pact. Nafta proponents, such as Mr Chip Brown, chief economist for Solomon Brothers, say the reverse is more likely.

"Mexico is not going to go back to where it was 20 years ago," Mr Brown said. "The only issue is will Mexico industrialise in the context of a Nafta or without Nafta."

There has been increasing criticism of Mr Clinton for a lack of leadership in trying to turn around public sentiment on the Nafta. Congressman Lee Hamilton, a Nafta supporter, this week said the lobbying effort has begun to build but what has been lacking is "the president's personal voice".

Warning for glass makers in Japan

By Robert Thomson in Tokyo

JAPAN'S Ministry of International Trade and Industry has warned leading sheet glass makers to end a system of kickbacks to dealers, which the Fair Trade Commission has suggested is a restriction on industry competition.

But one of the makers, Asahi Glass, said an FTC report describing the industry's behaviour as inappropriate had vindicated its way of doing business because "they found that we do not violate the anti-monopoly law".

Three companies - Asahi, Nippon Sheet Glass and Central Glass - dominate the Japanese market. The FTC found they run a dealer network that tends to exclude competitors, including foreigners.

After publication of the FTC report, the ministry warned the three companies that they should change their ways, in particular payments to dealers who achieve sales targets set by the manufacturers.

The ministry's ceramics and construction material division asked the companies to "observe anti-monopoly laws more thoroughly" and ensure their contracts with dealers include no clause to stop them selling competitors' products.

They were also told to "educate employees to avoid market activities that might cause illegal mutual dealing" - a reference to what is sometimes friendly co-operation among the three companies.

But the removal of contract clauses to restrict dealers' contact with other suppliers might not clear a path for foreign suppliers. An FTC study of car dealers found that about half believed they were restricted to sell one make of vehicle, even though there is no specific limitation in their contracts.

After suggesting that the FTC report had vindicated the glass makers, Asahi Glass said the company would examine whether measures could be taken to ensure that the market remain open to foreign competition.

A cloud in the Mexican sky

By Damian Fraser in New York
and Lucy Conger in Mexico City

THE NORTH American Free Trade Agreement has come to be the most cherished foreign and economic policy initiative of President Carlos Salinas of Mexico, during the three years since it was first proposed.

Significant delay, or even rejection, of Nafta is unlikely to lead to national economic collapse, but this would probably damage US-Mexican relations, reduce Mexican economic growth, and affect the race to succeed Mr Salinas.

Indeed, so much has the Mexican government invested in the treaty that officials refuse publicly to speculate on the consequences of rejection, repeating that the treaty's approval is "inevitable". Soon after the US judge's decision on Wednesday, that the treaty must be delayed on environmental grounds, Mr Jaime Serra Puche, Mexican trade minister, insisted: "This decision will absolutely not delay the process of negotiation".

However, news of the judge's ruling caused an immediate drop in the Mexican stock market, which closed down 30 points (1.81 per cent) in unusually heavy trading. Foreign investors also shied away from Mexican paper in the US, where Mexican par bonds showed a large one-day move by falling from 73 1/4 to 71 1/4 on Wednesday. They opened down yesterday.

If Nafta were delayed, Mexico's economy would be the first to suffer. The government has been forced to run a budget surplus and keep real interest rates above 5 per cent so as to cool the economy and finance a huge trade deficit. It was hoping that Nafta's passage would attract more foreign capital to Mexico, and thus raise growth before the presidential election next year.

If the fate of Nafta were still not sealed by early next year, its fortunes and the Mexican presidential campaign would become intertwined. The nationalist opposition, led by Mr Cuauhtémoc Cárdenas, is likely to argue that the government made a bad error in betting so much on the good

intentions of the US, and it would offer voters a more independent foreign and economic policy.

Rejection of Nafta would probably feed the old Mexican distrust of the US, and partly reverse the recent improvement in US-Mexican relations. Ramifications would also be felt throughout Latin America, where many leaders see Nafta as an indicator of US interest in the region.

Mr Salinas would be awkwardly placed if the treaty were called off. His government could be under domestic political pressure to re-affirm Mexico's sovereignty by launching a nationalist initiative, but foreign investors would be seeking a signal that his government's pro-market economic policy was on course.

The president is likely to try for a middle course, sending appropriate signals at home and abroad, but there can be little doubt that his prestige, and that of the pro-US technocrats in his government, would be severely damaged if Nafta were derailed by concerns in the US over the environment.

EC chemicals curbs sought

By Paul Abrahams

EUROPE'S chemical industry association has called on the EC to apply trade measures against east and central European chemicals manufacturers.

Cefic, the European Chemical Industry Council, has asked for intervention, following substantial increases in imports from the east at low prices. It claims the imports have been

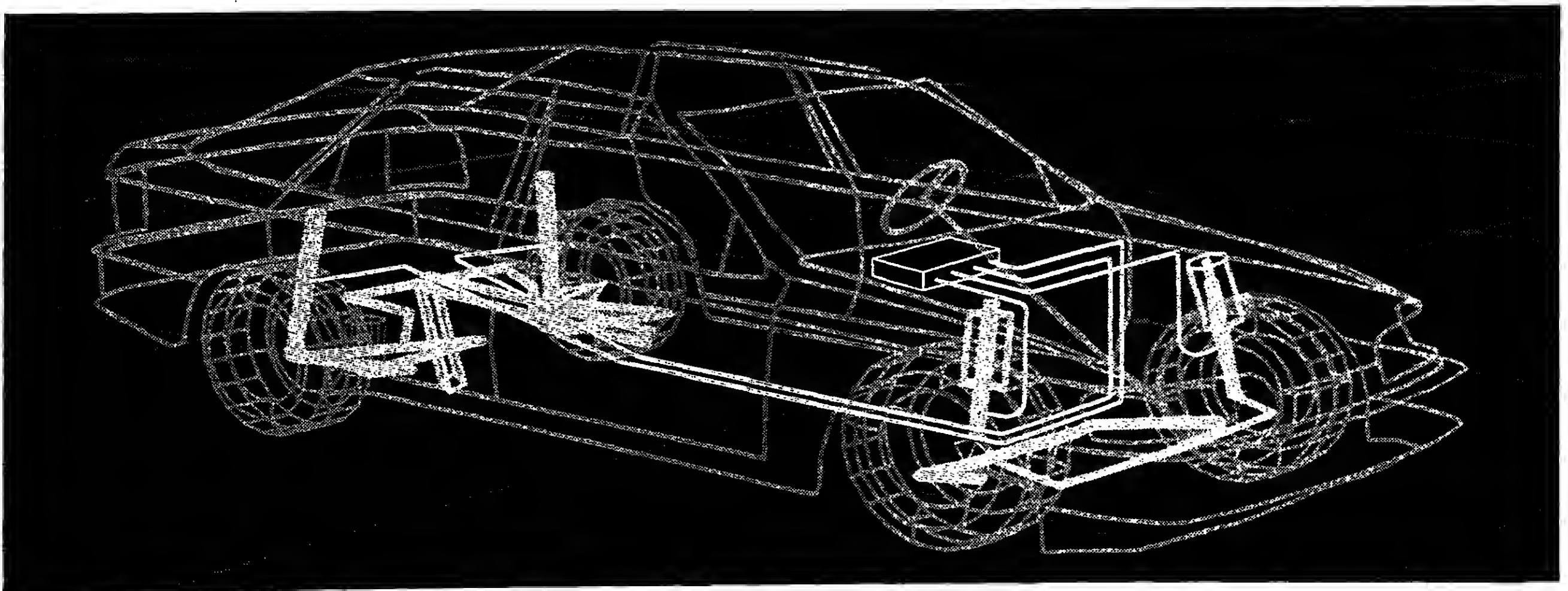
sold at prices not always set by market economy principles.

The body warns that parts of the EC industry could be forced to close plants and shed jobs. The five areas affected are fertilisers, soda ash, polyvinyl chloride (PVC), caprolactam (a precursor of nylon), and melamine (a plastic).

PVC imports from the east have increased from 34,000 tonnes in 1989 to about 270,000

tonnes last year, while prices have fallen about 30 per cent. Soda ash imports have also risen, from 27,000 tonnes to 162,000 tonnes, as prices fell 10 per cent. Caprolactam imports shot up from 606 tonnes to 33,000, as prices fell 30 per cent.

Nevertheless the EC's overall surplus in chemicals trade with eastern neighbours rose to Ecu1.01bn (£774m) from Ecu827m in 1989.

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NEWS: INTERNATIONAL

New push and old pull rock Japan's politics

Charles Leadbeater chronicles the many dilemmas facing a leading member of the LDP rebels

MR KAZUO Aichi was understandably nervous. Before him were 200 local dignitaries who lead the group that supports him as a member of the Japanese parliament - village mayors, presidents of parents associations, doctors.

Many could recall Mr Aichi's father, a former top bureaucrat who became a powerful Liberal Democratic party politician, standing before them asking for their support. Yet his son was there to warn them that he would probably rebel against the LDP leadership, help to launch a rival party led by Mr Tsutomu Hata, the former finance minister and so crack open the post-war structure of Japanese politics.

A week later Mr Aichi and more than 30 LDP rebels defeated Mr Kichiro Miyazawa's government by voting with an opposition no-confidence motion.

One of Mr Aichi's aides recalls: "If the leaders of the support group had gone against it, it would have risked our entire local organisation. But even the 80-year-olds fully supported it."

Yet their reasons highlight the ambiguous character of the dramatic changes unleashed by the Hata rebels. Mr Aichi's group supported him out of loyalty to the family name rather than because they want sweeping reform of Japan's corrupt, introspective and slow moving political system.

A Japanese regional mayor arrested for alleged bribe-taking, Mr Tora Ishii, yesterday announced his resignation, as public prosecutors continued to question him about links to four leading construction companies, writes Robert Thomson in Tokyo.

Prosecutors arrested Mr Ishii on Tuesday after allegedly uncovering evidence that he accepted ¥100m (\$637,000) from the companies in the expectation that they would be awarded public works contracts. Executives from the four companies have been arrested, but say the money was not intended as a bribe.

In announcing the resignation, officials in Sendai, where the mayor has ruled since 1984,

said Mr Ishii had decided to resign to ensure stable government and "avoid political confusion". He was sponsored by the ruling Liberal Democratic party and some opposition parties.

The case has cast a shadow over a general election to be held on July 18, and made some companies reluctant to donate funds to the LDP, though the Kaidanren, the federation of business associations, yesterday said that it would hold the balance of power, he says.

Meanwhile, the Shinseito, or Japan Renewal Party, formed by a rebel LDP faction, yesterday "deeply" apologised for past links to that party and for the role that its members played in "maintaining a system of one-party rule".

Political advertising is banned, so Mr Aichi will have to spend millions of yen on a time-consuming trawl to reach his voters. The money will be raised by remortgaging his Tokyo basement office, which has served as a 'disidents' meeting place over the past few weeks, a bar at one end and a karaoke machine at the other.

During the campaign, while Mr Aichi is out every day from 8am till late in the evening making speeches, a few dozen people at his headquarters will be at a phone bank cold-calling voters. In the evening the campaign headquarters will become a restaurant which voters visit in groups to sit and eat supper with Mr Aichi. In most industrial countries the politician's main campaign weapon is a soundbite delivered on the evening television news. For Mr Aichi it will be tea and noodles.

Mr Aichi remarked: "I will lose about 10 per cent of my traditional support but I hope to more than make that up by attracting new voters."

His chances of success have been greatly enhanced by a local electoral deal to minimise competition between rival reformist parties, which is testimony to the enduring strength of personal networks in Japanese power politics. Mr Aichi explained: "The Japan New party was going to run a candidate. But I know Mr Hosokawa the JNP's founder very well and so they decided not to run a candidate."

He will also need to project a clean, reformist image which marks a clean break with the LDP. On the difference which political reform would make to Japan's role in the world he explained that greater democracy was vital. "Japan has to become more proactive. That means politicians taking decisions rather than bureaucrats who cannot take bold initiatives. At the moment politicians are just mouthpieces for the bureaucrats. The bureaucrats should serve the politicians."

Yet on the vital details he is more circumspect. Mr Aichi represents both urban and rural voters in Miyagi prefecture, which is well known for its pearl white rice. As a result even Mr Aichi, one of the most internationalist of Japanese politicians, will not openly call for Japan to lift its ban on imported rice, one of the obstacles preventing a successful

conclusion to the General Agreement on Tariffs and Trade's Uruguay Round.

"Rice is a very sensitive issue which is difficult to address in the election campaign. I will not make it an issue. That is something which will have to wait until after

wards," he said.

Judging by the conflicting pressures upon Mr Aichi, even if the ruling LDP is defeated, political reform will only lurch forward slowly because even the modernisers have no choice but to carry so much traditional baggage with them.

A move to lower rates has been welcomed by businessmen who hope it will prompt consumer demand and increase capital goods spending. Lower lending rates would also assist Indonesian companies, many of which are highly geared and reported depressed profits last year.

The spread between deposit and lending rates, however, is expected to remain high with many banks still battling with portfolios dogged by non-performing loans.

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The world's leading consumer electronics makers yesterday announced plans to discuss a common standard for the next generation of video tape recorders, digital VCRs, and VCRs for high definition television, writes Emiko Terazono in Tokyo.

The move comes as worldwide consumer demand for electronics goods is waning, and the industry cannot afford to engage in costly wars in an area which they believe will be important in stimulating demand for new electronics products.

The 10 companies, including eight Japanese companies led by Matsushita and Sony, Philips of the Netherlands and Thomson of France, will form a technical conference to develop a common set of specifications to prevent a damaging standards war.

Digital VCRs record films from television or camcorders in computer language and, unlike the current generation of analogue VCRs, offer virtually perfect pictures no matter how many pictures are made.

Matsushita yesterday said the move was for the benefit of the consumer, as a conflict over standards would confuse them. Matsushita and Philips are currently competing against Sony in next generation digital audio equipment, where the two have backed DCC, a digital tape format, and Sony has launched Mini Disc, which is in disc form.

Mr Harshad Mehta, the Bombay stockbroker at the heart of India's Rs50bn financial scandal has claimed that the prime minister's office directly intervened to help his associate brokers on the stock market in January 1992, two months after Mr Mehta had allegedly given Mr Narasimha Rao Rs10m for his by-election campaign, writes Shiraz Sidhva in New Delhi.

Mr Mehta is being cross-examined by a joint parliamentary committee investigating the Bombay stock scandal.

The stock-broker made a lengthy written submission detailing the number of telephone calls he had made to the prime minister's office before he was named as the man who started the financial scandal.

He claimed that two of his associate brokers were saved from disciplinary action by the Bombay Stock Exchange board when the finance ministry's lone representative on the board reversed a unanimous decision of 21 directors to penalise the brokers at the behest of the prime minister's personal assistant.

Mr Narasimha Rao, on a four-day tour of his home state of Andhra Pradesh, reiterated at a series of public meetings that he had not taken any money from Mr Mehta, and rejected opposition demands for his resignation.

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THE DEAL WAS MADE UNDER COMMUNISM.

Winter 1989. Merloni Progetti wins a £ 314 million contract in the Soviet Union, and signs a 2,000 - page agreement.

The contract calls for a huge turnkey operation for the production of refrigerators and components at Lipetsk to be operational in 4 years' time.

III

THE FIRST STONES WERE LAID UNDER PERESTROIKA.

Spring 1990. The first stones of a covered area of 137,000 square meters are laid. In Italy a task force begins developing product technology.

Summer 1991. 1,000 trucks leave Italy, laden with technology and materials, bound for Lipetsk. Training for Russian technicians gets underway.

X

THE FACTORY WAS FINISHED UNDER GLASNOST.

Summer 1992. 260 specialists, including technicians and engineers, and 800 construction workers meet the deadline.

The huge building stands proudly 400 kilometers southwest of Moscow, ready to accommodate the production machinery.

Φ

A MILLION REFRIGERATORS WILL BE PRODUCED BY A NEW RUSSIA UNDER FREEDOM.

Spring 1993. In accordance with the contract, Merloni Progetti delivers the operative factory. It is one of the largest complexes in Europe.

It provides work and housing for 2,800 people. Using the most advanced technology, it can produce 1,000,000 refrigerators a year.

IN ACCORDANCE WITH THE CONTRACT.

 ARISTON

Merloni Progetti

Technology, machinery, turnkey installations.

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Police set up checkpoints despite warnings over threat to international financial status

City institutions hail security plan

By Gillian Tett

BANKING and business leaders yesterday threw their weight behind the decision to ring the City of London with police checkpoints from mid-night tonight in an attempt to combat terrorism.

They had warned that without greater security London's reputation as an international financial centre could be damaged. "We welcome these proposals," said the Stock Exchange, "we have been wanting improved security for some time."

Under the scheme, announced by the City of London police as the first stage in a package of measures, 18 access roads leading into the Square Mile - the financial centre which surrounds the Bank of England - will

be closed to traffic. Twenty-four hour police checkpoints, with powers to stop and search suspicious vehicles, will be mounted on seven other entry points to monitor incoming traffic. An eighth entry point, located on the edge of the London Wall and Moorgate, will be limited to buses and taxis.

The Treasury denied that the security cordon would undermine London's reputation as a financial centre. "This can only be good for London. The fact is that terrorism is an international threat. New York has had terrorist attacks too."

Mr Owen Kelly, the City of London Police Commissioner, stressed that although the checkpoints could be armed, they would be low profile, and most traffic would be allowed to pass freely into the City.

Insisting that he had government backing for the scheme, he shrugged off charges that the measures might be playing into the hands of the IRA. "If we allow the terrorists to plant another large bomb just think what a propaganda coup that would be."

Nevertheless, he warned that the new measures could not provide complete protection and called on businesses in the area to step up their own security arrangements.

In addition to the checkpoints, Mr Kelly said that other security measures would also be implemented, including:

- The deployment of powerful video cameras to record occupants of cars.
- The use of new electronic sniffers and increased numbers of sniffer dogs.
- The experimental use of

x-ray systems to examine the contents of closed vans.

• The deployment of additional police across the city. Acknowledging that the checkpoints were likely to cause some congestion during the first few days of operation, Mr Kelly said the measures were only temporary, planned for 12 months, pending a public inquiry into a tougher set of security schemes currently being drawn up by the Corporation of London.

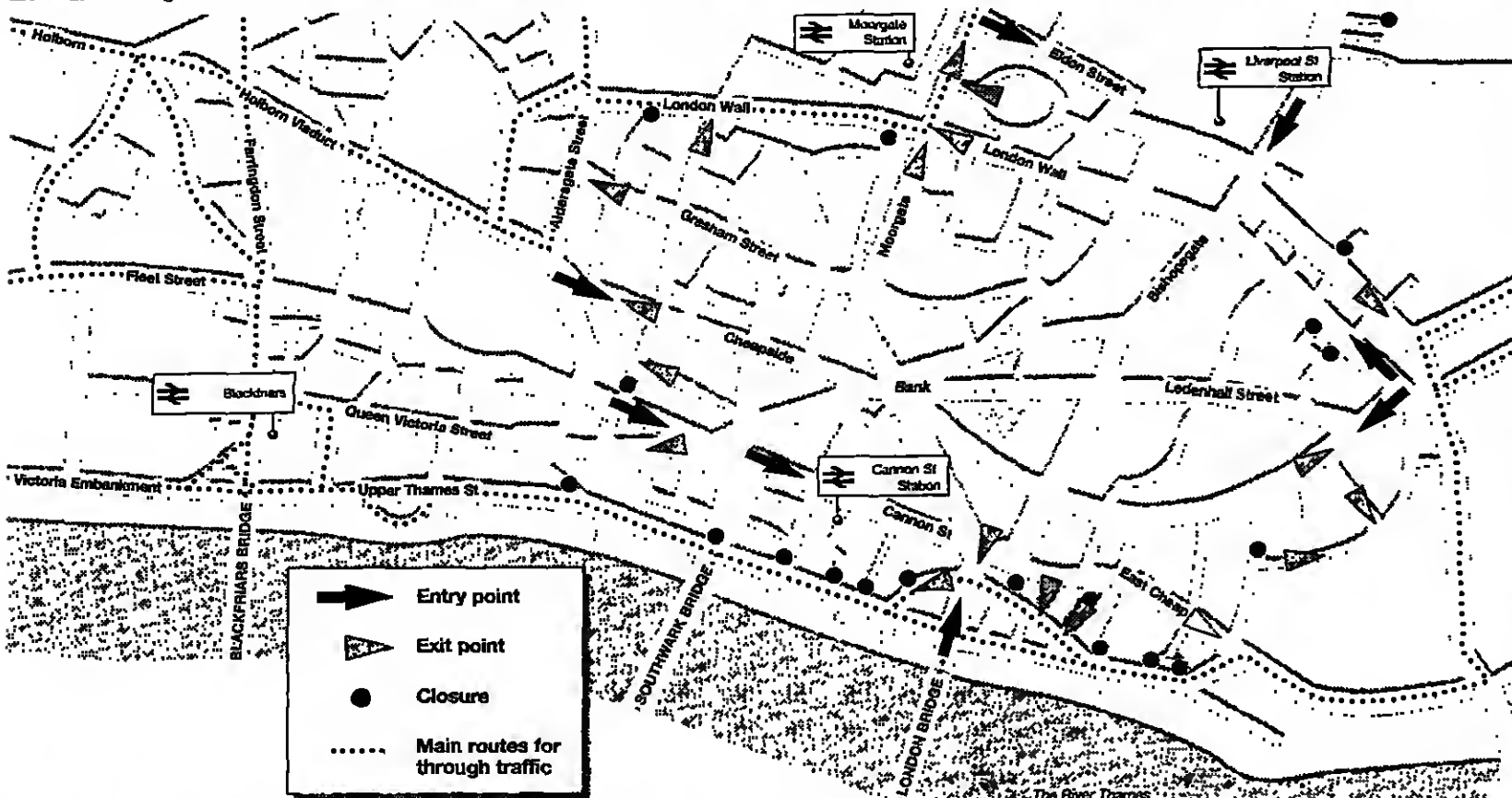
These proposals, which would probably require parliamentary approval, are due to be unveiled in the coming days, and could include a complete ban on non-essential traffic from the City, and possibly the erection of Belfast-style steel road blocks.

Judging from the experience of security checkpoints in Bel-

fast, most security analysts accepted that the scheme should serve as a powerful deterrent to terrorist vehicle attacks. "Terrorists don't like being caught. The very fact that there is a chance that they will be stopped will make them think twice about the risk," said Prof Paul Wilkinson, an expert on international terrorism.

In spite of threatened congestion and delays for the 90 per cent of London's business community using public transport to commute to the City, most regular workers were supportive of the measures.

One senior US banker said: "Of course, it will be a bit embarrassing when we have foreign clients coming over. But the most important thing for London is to show the world that it's got better security."



Ins and outs of defending the City

More than fifty directors paid £500,000 a year

By Diane Summers, Labour Staff

MORE THAN 50 quoted companies paid at least one of their directors £500,000 or more last year, while a dozen paid £1m or just under to individuals, an analysis of company annual reports to December 1992, published today, reveals.

The median increase in the highest paid directors' earnings was 5.5 per cent, according to the survey conducted by Monks Partnership, the pay research group.

At the same time, many top executives in the largest companies took a pay cut. In more than a quarter of those with a turnover greater than £50m, the highest paid directors' earnings were reduced.

Overall, the survey found the rate of top pay increases continuing to fall. Mr Tony Vernon-Harcourt from Monks said that, even for the most successful 25 per cent of companies, increases had been halved from 30 per cent in 1990.

It was important to view the increases in context, he said. "Most companies reporting to November 1992 or later will have set base pay changes for their executives in October or November 1991. At that time the underlying growth in average earnings was 7.25 per cent,

so an increase of 5 per cent would be looked on as perfectly fair and reasonable."

Performance bonuses, as well as base pay, are included in the survey figures - not all companies separate the two in their annual reports. Listed companies reporting on years ending after June 30 1993 will be required to state the extent to which they have complied with the Cadbury best practice code. One of the code's requirements is that "separate figures should be given for salary and performance-related elements and the basis on which performance is measured should be explained."

Mr Monks said that, where companies now disclose the presence of incentive plans, "there appears to be a reasonable correlation between the payment of an annual cash incentive and company results". Where it seemed there was a mismatch, it was often because of the payment of longer-term incentives, dependent on the achievement of pre-set targets over three or more years, said the company. However, it added: "There is no doubt that, in some cases, there is no discernible, or declared, relationship between individual rewards and corporate performance."

Overseas investors favour Britain despite slowdown

By Michael Cassell, Business Correspondent

MORE overseas investors set up projects in Britain than any other European Community country last year, but the number of investment projects fell for the second year running, according to official figures released yesterday.

Government figures revealed that investors based outside the EC sanctioned 303 new capital expenditure projects during 1992, creating or safeguarding in excess of 56,000 jobs - 5,000 more than in the previous year.

The biggest inward investor into the UK last year was the

US, with 126 projects involving new investment, expansion or acquisition. Germany was second, followed by Japan and Switzerland.

The Invest in Britain Bureau, part of the Department of Trade and Industry, said it could not value 1992 inward investment as some companies had not disclosed details. New capital investment in the previous year, however, was estimated at £1.3bn.

The peak year for inward investment into the UK was 1990, when 350 projects were started, with the total falling to 332 in 1991. It is thought, however, that the UK is still taking

around one-third of all inward investment into the EC.

Announcing details, Baroness Denton, the small firms minister, said the UK was maintaining its position as the preferred investment location for non-EC companies.

More than 3,500 companies and over 200 Japanese manufacturing companies have made capital investments in the UK. The minister said the UK had "stolen a march" on France and Germany.

American and Japanese companies are making around 40 per cent of all EC-based investment in the UK, with the electronics and automotive sectors among the most active.

UK lags in debt payment

By Andrew Jack

BRITISH COMPANIES take significantly longer to pay their debts than their European competitors, says a survey by Intrum Justitia, the continent's largest debt collection company.

Companies are paid on average 53 days after invoicing on domestic debts and 74 days later on exports, compared with average contracts for payment of 29 days and 50 days respectively.

The survey, which questioned 1,732 companies employ-

ing 408,000 people, highlights persistent difficulties.

British companies said late payment caused liquidity problems, loss of profit and higher interest costs. Across Europe, payments are made, on average, 15 days late for domestic trade and 16 days late for export trade. That compares with average agreed credit terms of 36 days and 40 days respectively.

Nearly 60 per cent of companies said payment habits had deteriorated in the past year, with greatest difficulties in Germany and Switzerland.

Other countries with longer overdue payment periods include Belgium, the Netherlands, Italy and France. The survey says the worst is the UK, with the lowest level of legislation and no right to interest on overdue amounts.

The UK government is considering measures, including disclosure of speed of payment in company annual reports. The EC is also considering a directive on the subject.

Credit terms vary widely, with Italy providing long agreed terms of 80 days on average and France 66 days.

Lloyd's prepares to take first corporate investors

By Richard Lapper

BARCLAYS de Zoete Wedd yesterday announced it is to advise Sedgwick Group, the insurance broker, on the formation of a new £200 to 300m investment company, which could become the first "incorporated Name" at the Lloyd's of London insurance market.

The announcement coincided with the publication by Lloyd's of a consultative document providing more detailed information on how new corporate investors will participate at the insurance market.

BZW, the securities house, will work on the project with the CLM, a Sedgwick subsidiary formed earlier this year, and aims to launch the investment company in the autumn in time to participate at the market next year.

The new company will participate in Lloyd's through a group of subsidiaries, each of which would function as an incorporated Name, backing a number of underwriting syndicates. BZW will market the company among both institutions and individual investors

and the company intends to seek a listing on the London stock exchange.

The announcement of BZW's backing for the project represents an important fillip for Lloyd's, which yesterday announced it was confident that many of the regulatory hurdles preventing the entry of corporate capital to the market would be overcome.

Lloyd's announced in its business plan that it intended to persuade corporate investors to join the market in April, following the erosion of its capital base in recent years.

The new consultative document provides details not included in the business plan. For example, Lloyd's plans to limit the amount that an incorporated Name can invest on any one syndicate to 20 per cent of the syndicate's capacity - the amount of premium it is allowed to underwrite - while in the aggregate incorporated Names will be allowed to provide no more than half of a syndicate's overall capacity.

There are, however, indications that Lloyd's, which last

week posted a record loss of £2.91bn for 1990, has some way to go before it can convince existing Names to fully support its plans. Many Names attending the annual meeting of the Association of Lloyd's Members, the largest organisation of Names, believe that they are being discriminated against in favour of corporate investors.

"There is enormous suspicion of corporate capital," said Mr Larry Scott, of Grimsdon Scott, a firm of Lloyd's advisers. "Many Names are going through a crash course learning about Lloyd's business," he said.

There are indications that publicity, linked to the mounting legal disputes involving Names, has been hampering efforts of financiers working on corporate capital schemes.

Although bankers involved in a number of corporate capital schemes are bullish about the prospects for profits as a result of rising insurance rates, they say that some potential investors have been put off by adverse publicity linked to the legal actions.

Breakthrough in row over interest aid for exporters

By David Dodwell, World Trade Editor

A LONG-standing row was defused yesterday between the government and UK export bankers over proposed cuts in the interest support to offset the cost of arranging financing packages for overseas projects.

The banks will receive reduced support, but believe higher levels of export activity will make up for the loss.

News of a breakthrough after nine months of talks was announced by Mr Richard Needham, minister for trade. The row centred over proposed cuts in the margins of Fixed Rate Export Finance (FREF). These were cut five years ago following criticism by the controller and auditor general that they were not necessary to secure overseas contracts, and were not of benefit to the economy.

As the government has pressed for further cuts as part of its effort to curb spending, large exporters have expressed concern over the "dwindling band" of banks able to support their export efforts.

New FREF rates will range from just under 0.5 of a percentage point to 0.7, depending on the life of a loan and the currency it is arranged in.

This amounts to a cut of just over 1/2 per cent, though bankers were quick to point out yesterday that the lion's share of the cut had been made possible at no cost to themselves because the government has abandoned a 1/2 per cent margin for potential mismatches between sterling and loans raised in foreign currencies.

The new five-year agreement is expected to come into effect from July 5.

• The UK's Export Credits Guarantee Department said that after an 11-year break it is to resume cover for medium-term financing of exports of "capital and semi-capital goods" to Poland, the UK's largest market in the former Soviet bloc, writes Christopher Bobinski from Warsaw.

The decision sees the ECGD returning to the ranks of those western government agencies such as Hermes from Germany and Eximbank in the US which already offer credit guarantees for exports to Poland.

UK exporters, which had been pressing for the move, said that once cover had been resumed, UK sales to Poland were likely to top £1bn a year.

Britain in brief



Senior UK auditors fight Nadir ruling

Two of the UK's most senior accountants are fighting a ruling from their professional body for temporary suspension from undertaking new insolvency work, triggered by the circumstances surrounding their appointment as administrators to Polly Peck International.

Mr Michael Jordan and Mr Richard Stone of Coopers & Lybrand, the accountancy firm, are being scrutinised for breaches in ethical guidelines by accepting the appointment when their firm had conducted a wide range of work for PPI and Mr Asil Nadir, its fugitive former chairman.

The work included offshore trust management and personal tax advice to Mr Nadir, and advice to the company in the late 1980s on the accounting treatment of foreign currency, which helped boost the level of profits shown in the accounts.

Lecturers plan strike

College lecturers are planning strike action after the introduction of tough contracts yesterday which cut their holidays in half and add an hour to their working day.

The change follows the transfer in April of further education colleges from local authorities to national government control. The new contracts would cut their annual holiday allowance by half, and add five hours to their working week.

Shake-up for student unions

Mr John Patten, education secretary, announced student unions are to be made voluntary organisations, and barred from using public funds for political campaigning. His proposals, which he intends to include in an education bill in the next session of parliament, would limit public funding to core activities.

Surplus at BBC doubled

The BBC is in a stronger financial position than widely reported. The 1992-93 annual report to be published at the end of this month is expected to show a doubled operating surplus of between £60 and £70m.

Last year the corporation had an operating surplus in the region of £30m. Potential overspend on programme

making of £15.9m in 1992-93 and £30m in the previous year have been compensated for by savings in the overall budget.

US group to run stadium

Ogden Entertainment Services of New York has signed a 20-year contract to operate Manchester's new 20,000-seat, £49m indoor arena. It will use it as the company's flagship for European expansion.

Ogden already operates more than 100 venues throughout North America. Manchester's arena - which will be the biggest in Europe - is being built as part of the redevelopment of the city centre's Victoria Station will open in two years' time. It would be a venue for the 2000 Olympic Games if the city stages them.

Business travel likely to grow

Most companies expect business travel expenditure to rise this year, but staff will be required to travel in less comfort than during the depths of the recession, according to a survey carried out by Surrey University for travel agents Thomas Cook.

The survey of 140 companies found that 71.6 per cent expected to spend more on business travel this year. But the proportion of staff permitted to fly club class will be lower than in previous years.

UK's largest union formed

Britain's newest, and biggest, union - Unison - has been formally launched out of the three public service unions Nalgo, Nupe and Coalse. The 1.4m strong union - with a combined subscription income of £100m-plus - will represent workers in the state run health service, local authorities and social security departments.

Labour to repay donation

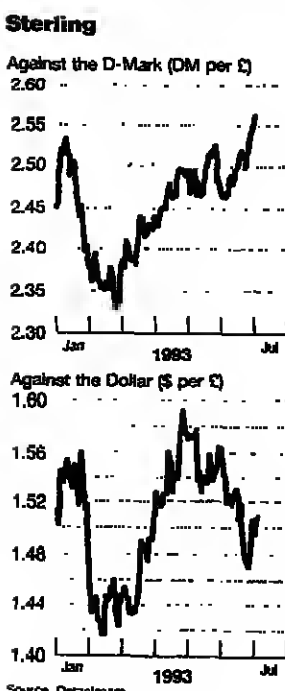
The opposition Labour party has agreed to repay £11,000 donated by a Greek Cypriot businessman at the centre of a fraud investigation. The party hopes the move will encourage the Conservative party to repay the £440,000 if received from fugitive businessman Mr Asil Nadir.

Eco-labelling scheme started

The European Community's long-delayed eco-labelling scheme was launched yesterday for washing machines and dishwashers. The scheme will award labels to products which satisfy a list of environmental criteria devised in Brussels, and is intended to help consumers identify products which are least harmful to the environment.



A stray dog yesterday delayed start of play in the third England-Australia test match at Trent Bridge, central England. After Australian fast bowler Merv Hughes saw off the four-legged spectator, England scored 276-6. Batsman Robin Smith was the leading scorer with 86. Australia lead the six-match series 2-0.



Healthy pound shows signs of revival

Peter Marsh and Gillian Tett look at the strength of sterling and concerns over UK competitiveness

up on its historic low of 76.5 registered in February.

The pounds continued rise will almost certainly be restrained because of opposition from UK manufacturers. Echoing fears that any increase in the pound's value would reduce competitiveness of UK goods and halt export growth, Mr Neil Johnson, director general of the Engineering Employers' Federation says he "views with concern" the drift upwards by sterling.

As a result of such sentiments and acting in concert with the Treasury, the Bank of England has in recent weeks sold sterling both to reduce its value and boost its depleted

foreign currency reserves.

Even with these so-called "smoothing" operations by the Treasury, the upward movement by sterling has been unmistakable. The reasons include:

- Better growth prospects this year for Britain than for most other European countries, which has given its currency a lift.
- Strong buying by Japanese institutional investors many of which, especially given the high recent value of the yen, view the pound as cheap.
- The weakness of the D-Mark, resulting from concern about the fragile state of the German economy and spec-

ulation about cuts in German interest rates - duly served up yesterday.

Heavy purchases in the past month by overseas institutions of gilt-edged securities which, notwithstanding the relative lack of success of this week's big gilts auction, have helped to push up the pound.

• Mr Kenneth Clarke, new the chancellor of the exchequer, has been quick to rule out any imminent cut in interest rates. As to where sterling is going, many City economists believe it is unlikely to rise above DM2.6 by the end of the summer.

Also the pound may find it hard to sustain its rise yester-

day against the dollar, which was sparked mainly by a US report indicating doubts about the strength of US industrial growth.

Sterling was quoted last night in London at \$1.5095, up 1 1/2 cents.

In a broader international context Mr George Magnus, economist at S.G. Warburg Securities, thinks the weakness of the D-Mark may soon be a thing of the past, given signs that Bonn is thinking seriously about reducing its budget deficit and slightly more optimistic soundings on the German economy in recent weeks.

Any strengthening in the German currency - which was surprisingly resilient yesterday in the light of the Bundesbank's actions - would knock some of the shine off sterling.

Handwritten text in Arabic script: "مكة امنه لوط"

take
stors

Trevor, kitted out in the club's communal suit, prepares to leave for an interview. Eviction only hours earlier from the hostel next door for failing to pay his rent means he badly needs work.

Brian Stack, manager of the Centrepoint Job Club, close to London's Vauxhall Bridge, gives Trevor his fare and a quick pep-talk. "He wants to work and, with our help, he will work," Stack insists.

Stack's cramped, spartan premises are a world apart from the stylish, St James' Square headquarters of Grand Metropolitan, the international food, drink and retailing group. But his job club owes its existence to the financial support and manpower provided by a business best known for brands like Smirnoff, Häagen-Dazs and Burger King.

"I asked the employment service how we could help young people arriving in London looking for jobs. They told me, rather unhelpfully, to stop them getting off the coach at Victoria station," adds Stack. Now 90 per cent of his clients - around 40 a week sign on - end up getting a job, usually within five weeks.

Through its ambitious community programme GrandMet is now one of the UK's largest providers of training and job counselling for the unemployed. Last year, more than 20,000 people received help under GrandMet-funded schemes. In one of its newest initiatives, the group is committed in London's East End - in partnership with the Cities in Schools (CIS) organisation and Tower Hamlets council - to help persistent school truants complete their education and prepare for work.

GrandMet has provided manpower, funds and premises to assist the CIS programme and this month will see the opening in London's Docklands of the first UK Burger King Academy for trainees, based on an already successful US formula.

Some of the group's landlords, currently joining battle over leases which they claim threaten the very future of the British pub, might sneer at the GrandMet imagery of harmony and co-operation between business and community. But it is the vision which lies behind a global community programme now costing £20m a year and undertaken in partnership with a range of organisations and authorities.

Community involvement for companies is not a new concept but Sir Allen Sheppard, GrandMet chairman and group chief executive, says it now represents a core element of corporate responsibility in what he describes as the new age of consumer-driven capitalism.

"Customers are increasingly looking through the front door of the companies they buy from. If



Sir Allen Sheppard: 'I like to see people in the trenches. It's better than 1,000 management courses. It's playing the game for real.'

GrandMet's life on the streets

A new age in corporate responsibility is dawning, says Michael Cassell

they do not like what they see in terms of social responsibility, community involvement, equality of opportunity, they won't go in."

He recognises that there are plenty of cynics as well as some company executives more driven by public relations than genuine commitment. But he reckons hypocrites are quickly sniffed out, particularly by the voluntary agencies involved in many community activities.

The strategy supporting GrandMet's programme is to give a lead in helping combat the growth of an underclass by promoting the concept of self-help. Howard Chandler, head of GrandMet's worldwide community programmes, says they are aimed at those "not getting a fair shake".

But, he emphasises: "We are not a refuge for the unemployed and unmotivated. We believe in self-development and personal initiative but companies like ours must play a critical role in helping the process along." Integration into the community of those who might otherwise remain excluded is a key objective.

Group community initiatives embrace schemes for inner city regeneration, as well as a range of educational and training projects and sponsorship programmes. There is help for potential school drop-outs, for the young, homeless

unemployed and support for a range of charities. GrandMet employees are also encouraged to join volunteering programmes.

Sir Allen says: "It's a big part of career development. I like to see people in the trenches, not stuck in the back office. It's better than 1,000 management courses. It's playing the game for real."

There is no compulsion on staff to participate but the chairman is not unhappy for employees to believe that taking part will do no harm to their career prospects.

Although GrandMet embarked on its community programme a decade ago, it recently realised that its efforts needed reappraisal. Its efforts to fulfil its broader social obligations had to be scrutinised like any other part of the business.

"There was a scatter-gun approach, under which individual businesses pursued as far as possible their own ideas. Initiatives also tended to be reactive, rather than proactive," says Sir Allen.

Now, GrandMet identifies its community action priorities from the centre, agrees the scale of its rolling commitments - it currently allocates between 1.5 and 2 per cent of profits before tax - and continuously monitors what it now regards as a more cohesive strategy.

The group lays heavy emphasis on forward planning for its commu-

nity work, conscious that anything less than a consistent, longer-term approach could be disastrously counter-productive. Three-year plans are reviewed annually and the core charities it backs - now including the Civic Trust, the British Sports Association for the Disabled, Cities in Schools and Foyer Federation for Youth - can expect help for at least three years.

"It is high risk," warns Sir Allen. "The worst thing you can do is flash a chequebook around, especially as it's not your money. If you go up front and make a big song and dance about helping out and are then forced to retract, your reputation can fall a long way."

"Each time you put up a significant amount of money you have got to agree clear success criteria with your partners and then monitor effectiveness. We can never measure performance as scientifically as other parts of the business but we are building up a great deal of best practice."

Sir Allen is in no doubt that business has no choice but to play a full role in shaping - to quote the prime minister's phrase - "a country at ease with itself". More pointedly, he warns: "Businesses which don't recognise their obligations in this respect face a stark choice - they will either fail rapidly or progressively."

CHRISTOPHER LORENZ

Corporate venturing back in vogue



LIKE a good 1960s pop song, the idea that large companies need an invigorating dose of internal entrepreneurship is forever hounding back into fashion. Like Elvis Presley's "I Can't Help Falling in Love", which has again hit the charts this summer - sung this time by UB40, a leading pop group - it tends each time to be re-orchestrated, or given a few extra choruses.

But unlike most songs, it also usually changes its name. In the 1960s it was christened "venture management". In the late 1970s, to distinguish it from the emergent venture capital craze, it was rechristened "internal corporate venturing". In the mid-1980s it reappeared under the dreadful name of "intrapreneurship". Now it is emerging once more in practice and on paper, sometimes with its old 1970s label, but also under the broader imprint of "new business development".

The reason for its latest revival is that corporate entrepreneurship is becoming more vital than ever before to the survival of large organisations. But it remains damned hard to do - just ask IBM, General Motors or countless others why they have failed to emulate the few brilliant exemplars, such as 3M or Hewlett-Packard.

Time and time again, multinationals of all shapes and sizes have launched a "new ventures" drive, only to drop it prematurely a few years later when - surprise, surprise - few if any ventures have yet grown to a size or level of profitability which is significant to the company.

On one notable occasion, the night of Margaret Thatcher's first general election victory in 1979, I attended an enthusiastic gathering of "venture group" managers from two dozen British companies. Three years later almost all the venture groups had been killed off by parent companies impatient for immediate profits and cash savings amid recession.

A fortnight ago I took part in a similarly hopeful meeting of "business development" and strat-

egy managers, but this time at Breda in the Netherlands, with managers from several continental European countries. It was the fifth annual "longest day" on new business and creativity which an enterprising Dutch consultancy has organised around the summer solstice - a sort of corporate version of Britale's Glastonbury music and arts festival.

The event illustrated vividly that the practice of internal venturing has moved on in several important ways since the heady 1960s, and even since the 1980s.

First, interest in venturing is at last ceasing to wax and wane in tandem with companies' faith - or loss of it - in diversification by takeover. The latter is rightly out of fashion, but managers are recognising that new business development has been more

showed, this is giving "internal venturing" a new lift. It is also stimulating a third new variation: greater selectivity.

Most companies used to take a "casino" approach: they spawned scores of new ventures, covering a wide range of frequently unrelated activities and competences. They then ran them in parallel, in the hope that the proverbial one in seven or so would be successful after up to 10 years (eight was the popular average).

As a manager from one Belgian company said: "We had 25 projects taking 10 years to be completed. Now we have only a handful and they'll succeed in three or four years - or we'll fail them." Another had 86 projects a year ago, but only has only five. They are larger than before, and are being given far greater resources, so that they have a better chance of rapid take-off and success.

A fourth variation is that many companies are no longer putting all their eggs into one basket: "new ventures division", where they tried to get forgotten or squashed when their top management sponsor moves on.

Which brings us to the fifth and most important variation. Instead of thinking that they can "nurture" ventures in a ghetto in one corner of the company, as conventional wisdom used to suggest, today's venture managers realise they will not get far unless the corporate culture of the whole enterprise around them can be made much more innovative.

Of the 30 participants at Breda, no fewer than 19 voted "management mindset" or "conflict with the corporate elephant" as the prime challenge to their new business efforts.

This frustration now needs to be harnessed in helping large companies see the urgent need not merely to raise their productivity through "re-engineering" and other measures, but also to unleash the internal entrepreneurship which is essential if they are to create new businesses, and thereby regenerate themselves.

For many companies it may, in the words of another Presley song due for revival, be a case of "It's Now or Never".

Managers are benefiting from the growth in popularity of the concept of 'core competences'

important than ever by the shortening of product life cycles and development times. As one hard-pressed Dutchman said: "We need to create more with less, faster."

Second, corporate venturers are benefiting from the newly popular concept of "core competences" (or "core capabilities").

This is not at all the same thing as a "core business". Instead, it emphasises a company's unique, competitively relevant, and defensible expertise in such things as technology, production, marketing, distribution, customer service, or alliance management. One example is Honda's competence in engine technology, another 3M's unusually innovative culture, plus its experience in abrasives.

The emphasis on core competences is causing many companies to look again at how they can exploit more effectively what they already know - or "leverage" it, in American parlance - rather than forever chasing after some new hare-brained diversification. As the Breda conference

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- Leasehold premises in Elland of 3,000 sq. ft.

For further information contact the Joint Administrative Receiver Martin Shaw, KPMG Peel Marwick, 1 The Embankment, Neville Street, Leeds, LS1 4DW. Tel: 0532 313000. Fax: 0532 313183

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No. 035 of 1993 In the High Court of Justice Chancery Division Manchester District Registry In the Matter of VNG Group Limited and

In the Matter of the Companies Act 1985 NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) Manchester District Registry dated 6th June 1993 confirming the appointment of the share

Premium Account of the above mentioned Company was registered by the Registrar of Companies on 17th June 1993. Dated 12 July 1993. Sayer Jaffar, 71 Piccadilly Street, Manchester M2 4HL. Solicitors for the above-named Company

THE HELLENIC REPUBLIC

PRIVATISATION OF HELLENIC ASPROPYROS REFINERIES, S.A. AND THE EKO GROUP OF COMPANIES

The Government of the Hellenic Republic announces the commencement of a competitive process for the sale of all or part of, jointly or separately, Hellenic Aspropyros Refineries, S.A. and the EKO Group of Companies (collectively, the "Companies") to active or potential investors.

The Government of the Hellenic Republic has engaged members of the CS First Boston Group to act as its exclusive financial advisers in all aspects of the selection process.

Only companies and other appropriate parties interested in the privatisation of the Companies are invited to submit expressions of interest to the following address by July 15, 1993.

Barbara J. Abt William M. Wicker
Credit Suisse First Boston Limited The First Boston Corporation
Members of SFA Park Avenue Plaza
One Calcutta Square 33 East 57th Street
London E14 4QJ New York, NY 10022
Tel: (44) 21-516-1875 Tel: (212) 200-2671
Fax: (44) 21-516-3505 Fax: (212) 755-5662

CS First Boston Group will distribute to selected parties a Confidential Information Memorandum providing a description of the operations and financial performance of the Companies and certain other relevant information.

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The collieries for which offers are invited are Vane Tempest, Seaham, County Durham; Westoe, South Shields, Tyne and Wear; Grimethorpe-Houghton Main, Barnsley, South Yorkshire, and Trentham, Stoke-on-Trent, Staffordshire.

Expressions of interest must be received by July 16, 1993, either in writing to:

British Coal Corporation,
Licensing of Closed Collieries,
Eastwood Hall, Eastwood,
Nottinghamshire NG16 3EB.
Fax No: 0773 532709

or by telephone on the following numbers:

Vane Tempest Colliery 0773 532710
Westoe Colliery 0773 532710
Grimethorpe-Houghton Main Colliery 0773 532711
Trentham Colliery 0773 532712

and subsequently confirmed in writing.

British Coal reserves the right not to consider expressions of interest received after July 16, 1993. Parties who have expressed an interest in making an offer in respect of a particular colliery will be provided with a Preliminary Information Pack containing outline information on the colliery, an application form, a letter of undertaking and the terms of a £10,000 security deposit/bond, together with details of the licensing process and timetable.

Detailed information on the relevant colliery and draft tender documentation will subsequently be provided to any party which satisfies the requirements specified in this Preliminary Information Pack, which include entering into the letter of undertaking and the provision of the security deposit/bond.

The receipt of an offer will not create any obligation or commitment on the part of British Coal to enter into any negotiations or to grant a licence.

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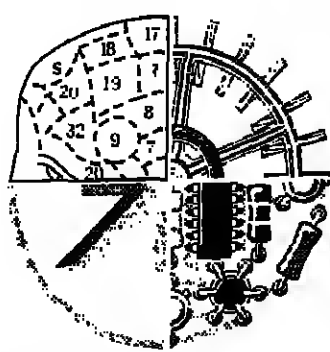
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TECHNOLOGY

Worth Watching · Della Bradshaw



Annual reports put on disk

Manipulating companies' financial data on a personal computer has become an everyday part of an investor's life, writes Paul Abrahams. But getting the information from the annual reports into the PC is laborious and the chances of making a mistake are considerable.

SmithKline Beecham, the healthcare group, has linked up with a London-based software house, AND Technology, to tackle the problem.

At the back of SmithKline Beecham's report and accounts this year is a small plastic wallet with a diskette, containing the group's financial data going back five years.

The data can be accessed using the software provided or can be downloaded to spreadsheets such as Lotus 123. AND: UK, 081 673 5330.

Health and safety in one package

For those companies that have still to come to terms with the European health and safety regulations, Bristol-based EPP has developed software which integrates an evaluation procedure and training system in a single package.

Developed by a group of ergonomists, Opera (office performance evaluation and rating aid) also incorporates a series of checklists to help employers purchase equipment which complies with the regulations.

Opera is continually updated as the EC rules change. EPP: UK, 0272 425093.

A clear line to profit

Publicity surrounding sex chat

lines gave premium rate phone services a bad name. But according to research carried out by the London-based Eurodata foundation, premium rate services are increasingly seen as an acceptable way of getting business and leisure information.

Interviews with 1,400 phone users in 12 countries showed consumers were most likely to use premium services in the Netherlands. There 38 per cent of business people surveyed and 31 per cent of consumers had used a premium rate service.

Overall, The Eurodata Premium Rate Services Report concludes that the European market for such services will grow from \$1bn (\$800m) in 1992 to more than \$2bn in 1995. Eurodata: UK, 071 629 0774.

Winning the war on refrigerator CFCs

Domestic appliance manufacturer Whirlpool has beaten other US manufacturers in the \$30m winner-take-all competition to try to develop and produce chlorine-free refrigerators.

The prize money will help keep down the cost to the consumer of the new refrigerators when they are marketed in the US from next year.

Whirlpool fought the use of CFCs on two fronts. First, the ozone-depleting coolant has been replaced by HFC-134a; second, the chemical used to expand the foam insulation is to be replaced by HCFC-141b. This contains some CFCs, but will be replaced once a suitable alternative has been found. Whirlpool: US, 616 923 5000.

The perfect bath every time

A battery-powered automatic bath filler has won 14-year-old Leo Currie, from Glasgow, first prize in the Duracell Science and Technology Schools Competition.

The gadget comprises four boxes - two to fit on the taps and two to carry the water into the bath - joined by a black box. An attached sensor is positioned down the side of the bath to indicate the height to which the bath should be filled, while a heat sensor in the box is programmed to ensure the water is at the correct temperature. Duracell: UK, 0293 517527.

Even from 15 feet away, Clive Buckberry's song was deeply moving to the five-litre can of oil he was serenading. Every surface quivered violently in response.

Buckberry is a research engineer at Rover Group's Gaydon test centre in Warwickshire. He was demonstrating, via what has come to be known around the Gaydon lab as the "karaoke can", some of the capabilities of a television holography system developed by Rover's applied optics laboratory.

The screen's depiction of materials, showing a vastly greater response to even the slightest pressure than many an engineer might suspect, is a spectacular side-effect of the equipment's underlying purpose.

Rover is using it to design, develop and produce its cars more quickly and efficiently. For example, the system can determine the exact points on car bodies where drumming and vibrations originate in response to inputs such as road surface irregularities, wind pressure and engine and gearbox shaft rotation.

The normal industry practice is to apply large areas of sound-deadening panel to damp overall noise levels. The holography system, say Gaydon scientists, allows the identification of "culprit" areas, which may be little more than an inch square, and promises significant weight savings in present and future models.

The system's potential applications cover almost every aspect of a car's engineering. One of the most telling illustrations of the system's capabilities is provided by the action of bolting a cylinder head to the engine block. A video camera, when aimed up the cylinder bore towards the combustion chamber, relays to the screen pictures showing spectacular distortion of the combustion chamber and its environs as the bolts are tightened.

The real physical distortion is magnified on the screen many

John Griffiths on a way of making car production more efficient by spotting design flaws earlier

Hologram on wheels

times. But it shows that, in this particular engine, normal tightening is causing sufficient distortion for valves to be unseated by up to four thousandths of an inch - enough to prevent it ever sealing itself properly into the head.

The initial reference image and subsequent ones showing the distortion are converted by the system's image processing software into a variety of optical data, from colour-coded "maps" to rotatable "wireframe" structures.

Data from such tests and observations have already begun to play a substantial role in designing future engines as free as possible of such vulnerability to assembly distortions. The system has already been used to:

- Help design the most efficient water flow in engine cylinder heads for optimum cooling without distortion;
- Locate exactly where on the

engine a combustion knock sensor should be placed to pick up early warning of the potentially damaging combustion problem;

- Redesign turbocharger impellers to eliminate high-speed "whistle" and vibration;
- Analyse fuel/air mixture dynamics for optimum combustion;
- Track the vibration of light bulb filaments, with a view to increasing durability and light emission.

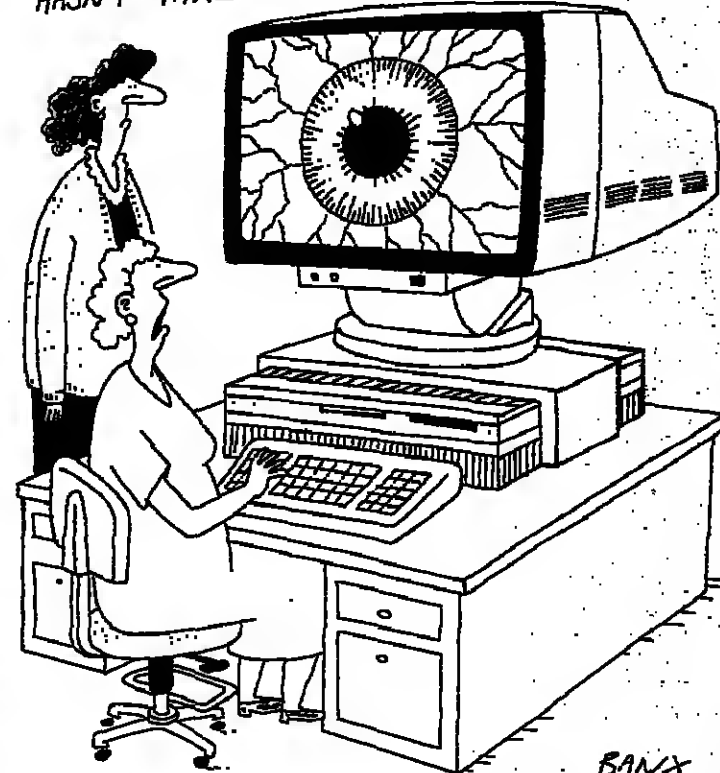
Holography has been used, on a more limited basis, for this type of work for some years. But until now, says Buckberry, it has involved taking a sequence of still photographs, developing each one separately, and then comparing them with a "reference" hologram taken before forces were applied.

But the "contour lines" of stress variation can be as little as two thousandths of a millimetre apart, so keeping the subject stable enough to register such minute variation was difficult.

Working with Loughborough University, Gaydon's technologists hit on the idea of substituting the stills with a video camera capable of recording distortions being caused in the subject material continuously, and in "real time".

In the "holovision" camera,

"IT'S THE STRESSES ON AN EYE THAT HASN'T TAKEN ENOUGH SCREEN BREAKS."



designed at Gaydon, the normal optical components of a video camera are replaced by a fibre-optic system coupled to the laser needed to "read" the subject. Materials are connected by another fibre-optic "umbilical cord", carrying all control and monitoring signals, to two state-of-the-art image data processing boards.

One board monitors the operation of the camera, collects the data generated and analyses it. The other controls the operation of the camera. The images are stored by the image-processing system at a rate of 25 per second, as well as being relayed through the colour monitor

for the benefit of observers.

In the 1980s Gaydon, which occupies nearly 1,000 acres of Warwickshire and includes a high-speed test track, was changed from an entirely in-house research and technology centre to a stand-alone profit centre charged with seeking consultancy business from outside customers.

After the British Aerospace takeover Gaydon again became a mainly in-house research and development arm.

However, Gaydon remains free to sell some technology outside when considered appropriate and not prejudicial to Rover's own interests. The company has already sold two of the Holovision systems - to Ford

Sega and W Industries become 'virtual' partners

Sega Enterprises of Japan, the world leader in coin-operated arcade entertainment, is going into partnership with W Industries of the UK to develop a new generation of games featuring "virtual reality", or advanced computer simulation.

The UK company has become a Sega technology partner along with Martin Marietta of the US, a leading electronics supplier and specialist in simulation and training systems.

It will work with Sega on the development of a new arcade game to be launched in early 1994. No details of the new game are being released. The deal is worth \$3.5m over two years to W Industries, fol-

lowed by a further \$1.3m a year in licensing fees. W Industries has a letter of intent from Sega for further games research.

According to Jon Waldern, W Industries chief executive, Sega chose to use the British company's virtual reality system over its own and that of leading US virtual reality suppliers.

W Industries, now six years old, is the UK's leading exponent of virtual reality for entertainment. It specialises in "immersive" virtual reality in which players wear video helmets and sensory gloves to enter an imaginary electronic world. It has recently won an industry award for "Legend Quest" a dungeons and dragons game installed in the

Tower Pageant at the Tower of London. For four players, the game involves a search for treasure through a maze of rooms. Wearing helmets which transmit three-dimensional images of the rooms, the players co-operate in the quest. They "see" each other as the fictional characters they play.

Sega, a leader in computer graph-

ics for entertainment, bucked the trend among Japanese electronics companies this year, returning taxable profits of ¥56,000bn (£342m), up 64 per cent on the previous year.

Developments of the kind Sega and W Industries are pioneering are changing the image of games arcades from haunts of bored teenagers to family entertainment centres. Worth some \$9bn (£5bn) a year worldwide, the electronic arcade business is growing at 18 per cent annually.

UK companies including W Industries and Division are among the world leaders in virtual reality.

Alan Cane

PEOPLE

Compass swings towards Europe

In an unusual move, health care and catering company Compass Group has hired a non-executive director, Austrian-born Fritz Ternofsky (right), as a full-time board member.

Chief executive Francis Mackay, who quips that the typical non-executive is there "to create maximum embarrassment with the least amount of effort", agrees that it is usually difficult to judge the true ability of a part-time director.

However, he had been impressed by Ternofsky's knowledge of branded retail catering, and by his input into Compass's strategy review over the past eighteen months.

"It also helps in terms of perception - we instantly become a more European company," Last month, Compass acquired the airport restaurant and contract catering business of SAS Service Partner, and Ternofsky will be responsible for developing that operation. His native tongue will also come in handy in Germany where Compass is interested in building on the two hospital



contracts that came as part of the SAS deal, as well as searching out other suitable acquisitions in contract, airport, and station catering.

Eats at Henderson

Dick Eats (right), who resigned as managing director of GT Unit Managers a year ago, has resurfaced at a similar job at its bigger rival Henderson Administration. He joins next week as managing director of the unit trust company, reporting to Paul Manduca, who is chairman of the retail division and deputy managing director of the group.

Following Henderson's acquisition of Touche Renaut, group managing director Jeremy Edwards says he had had Graham Kane, from the Touche side, in mind for the job but the latter left for Morgan Grenfell. The group had earlier lost Henderson's Robin Berrill.

Eats, 47, has gathered some twenty years' experience in the unit trust industry. He joined GT in 1985, initially as marketing director. Former GT colleagues say his departure was hastened because the requirements of the job had changed; the group perceived a need for someone with sales as well as



marketing skills, the latter being Eats' forte. Edwards says the rationalisation of the two separate unit trust operations is well under way, with the process set to be completed, subject to unit holders' approval, by mid September, so that Eats' chief task will be "to market these funds to a broad audience".

Chamberlain's guide

Geoffrey Chamberlain (right), formerly chairman of the London Traded Options market before its merger with Life, London's successful futures market, is pursuing his aim of bringing stock options to the UK private investor through other channels.

Yesterday, he launched a bi-weekly guide called The Option Trader, which seeks to persuade private investors of the "exciting and potentially rewarding opportunities offered by the medium of traded options". The magazine includes analysis, recommendations and a back-to-basics educational section.

Under the same parent company, Financial Publications, Chamberlain also runs a retail client broking firm, Durlacher & Co., formed in January 1992 by the merger of two existing



companies. His publishing company, Throgmorton Press, plans to launch further publications, or to buy existing subscription-based magazines aimed at the retail market.

Public posts

■ Roy Baker, md of WPS International, has been appointed national chairman of the BRITISH INTERNATIONAL FREIGHT ASSOCIATION.

■ David Oldham, northern Europe md of Norgren Martonair, has been elected president of the BRITISH FLUID POWER ASSOCIATION.

■ David Goldsworthy has taken over as president of the NATIONAL ASSOCIATION OF ESTATE AGENTS.

■ Michael Armstrong has been elected chairman of the INDUSTRY COUNCIL FOR PACKAGING AND THE ENVIRONMENT.

■ Howard Collier has been elected chairman of the AUTOMATIC VENDING ASSOCIATION OF BRITAIN.

■ Dudley Dolan, chairman and md of Dolan Plant Sales, is chairman of the FEDERATION OF CONSTRUCTION EQUIPMENT DISTRIBUTORS.

Bullock goes Nuclear

John Bullock, joint senior partner of Cooper and Lybrand UK until his retirement last year, has become a non-executive director of Nuclear Electric. Bullock is currently a non-executive director of Kingfisher and is on the board of the UK Atomic Energy Authority. He fills the vacancy left by Fred Bonner, who retired from Nuclear Electric at the end of March.

Ginarlis at CSC Index

John Ginarlis, a stock analyst and consultant in the banking and insurance industries, has become an associate at CSC Index, the international management consultancy. Dr Ginarlis will work within CSC Index's financial services consulting business in Europe. He was previously with the financial services practice at PA Consulting Group.

Walter joins Scapa Group

Derek Walter, 45, has been appointed finance director-designate of Scapa Group, which supplies industrial textiles and services to the paper industry. He will take over in October when David Dunn, 48, finance director since 1987, becomes group managing director. Dunn is stepping up to replace chief executive Harry Tulay, 59, who becomes executive

chairman in succession to Bill Goodall, who is retiring. Walter was most recently finance director of Steeley, before its takeover last year by Redland, a rival building materials group. He had previously held senior finance positions with BET and Lex Services after qualifying as a chartered accountant with KPMG Peat Marwick in London.

There is a limited amount of exhibition space available at this conference

FT FINANCIAL TIMES CONFERENCES

MODERNISATION OF TELECOMMUNICATIONS IN CENTRAL AND EASTERN EUROPE

- WHAT HAPPENS NEXT?

Berlin, 5 & 6 July 1993

The political upheavals in Central Europe and the former Soviet Union have opened up enormous opportunities for the telecommunications industry. The urgent need to modernise national telecommunications networks has created a huge demand for equipment and expertise.

The Financial Times conference will examine the steps that have already been taken towards modernisation and focus on the next stage of development. After the first wave of privatisations and cellular telecommunications licences, how will countries in Central and Eastern Europe go about improving infrastructure?

The distinguished panel of speakers includes:

Dr Wolfgang Bötsch Minister of Posts and Telecommunications, Germany	Mr Vladimir Bulgak* Minister of Posts and Telecommunications of the Russian Federation
Mr Alajos Kauser Hungarian Telecommunications Company	Mr Krysztos Kilian Minister of Post and Telecommunications, Poland
Mr Martin Salamon Organisation for Economic Co-operation and Development	Mr John D Foster AT&T SA/NV
Dr Charles Jonscher Central Europe Trust Company Limited	Dr Ing Norbert Knoppik Deutsche Bundespost Telekom
Dr Jürgen Müller German Institute for Economic Research (DIW)	Dr Edouard Willeman European Bank for Reconstruction and Development
Mrs Christina Callmer Ericsson Radio Systems AB	Mr Jürgen D Lagleder Siemens AG

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MODERNISATION OF TELECOMMUNICATIONS IN CENTRAL AND EASTERN EUROPE

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Handwritten text in Arabic script: "هذا امر لا بد منه"

A weird variety

Lynn MacRitchie on why the BT New Contemporaries show is loaded with references

The public reaction to the work of young artists can provide a measure of our response to the complex and difficult universe of modern art. Perhaps because their work is by definition "unknown", its display can give licence to express an underlying anxiety about the contemporary art world, that perplexing place where constant contradictions reduce even sophisticated and erudite commentators to occasional bursts of bile and which nevertheless these novitiates still choose to enter. Their work bears the burden of our own anxiety, wary consumers, faced with a new and unknown product. For just as the artists must make their offerings naked, without benefit of history, so the viewers must make their judgments likewise, without the comforting cloak of consensus.

With this in mind, a hostile response to the BT New Contemporaries exhibition, which began a national tour in Manchester last week, is not in itself surprising, but it raises questions about our expectations of artists, and the myths about their genesis, which are worthy of consideration. The show was chosen by professionals, two artists, Caroline Russell and Willie Doherty, and the critic Stuart Morgan, and has a "look", a homogeneity which suggests not so much a similarity of original offerings but the inevitable consensus reached in hammering out a final selection of 27 exhibitors from an open slide submission which attracted more than 1,000 entries. For all the works, however different in form, are couched in the common language of these difficult

times, a language in which no object or offering is innocent, but comes loaded with references both to history and the cultural stew of the present.

Thus "The Hooded Pitohui (Shit Painting 2)" by Chris Ofili, combines his remaking of an Australian Aboriginal painting with abstraction and the irony of Piero Manzoni, as well as demonstrating considerable painterly panache. Another gifted painter is Laura Daly, whose large abstracts feature multicoloured dashes of paint arranged in vertical columns on single coloured backgrounds, evoking Jackson Pollock and Ian Davenport, an old master and a young pro, in a teasing mixture. The references of some of the other works are more elusive. Objects, whether found or created, are used to convey resonance, although their meaning may never be quite clear. The fat white candle lying on the floor with a leather belt round its middle by Andrew Bannister entitled "Fuse" plays with sexuality as dynamite, while his "Cell," a wall panel made of white ceramic tiles with an inset photograph of a room, empty but for a white draped bed, suggests isolation and menace.

As well as this reliance on the inherent mysteriousness of objects to lend substance where content remains obscure, the exhibitors also demonstrate a need for drama. Edwin David in "Towards a Museum of Misreading" assembles a shotgun, a plinth, a reproduction of Rossetti's "Rape of Proserpine", a quote from Freud, a chair, a pomegranate and a pile of broken glass to suggest a museum incident of unknown significance. Edward Harper goes for

it more directly, arranging some green struts, floorboards and a silver salver on the gallery floor to impersonate Manet's "The Balcony." Those spurious philosophers of our time, the serial killers, also make a guest appearance. "Handshake with Nilsen, Using Projector, Draws Olympia to the Phone" by Thomas Sharpe combines a shaky drawing of the famous murderer of young men with the image of "Twin Peaks" star Sherilyn Fenn cut into flesh coloured PVC dotted with plastic toy noses, an array of references bedazzling in its lunatic range.

Why such weird variety? Why should a mass murderer be as inspiring as a great painter? It is simple, really. Not for a century or so have visual artists typically served apprenticeships in a master's studio, learning to paint or sculpt while existing in the manufacture of commissions. The "apprenticeship" of an art student today is likely to be a more lonely journey, often conducted in a makeshift "space" staked out within the rooms of an institution the nature and even name of which may have undergone several changes during the student's time of attendance. With few immediate fixed parameters, a young artist's boundaries, the things against which skill and understanding must be tested, inevitably stretch both infinitely outwards across the ocean of mass media culture which engulfs us all, and deep within, with intuition alone guiding the choice of subject and material.

The mixed media panels by Marcus Coates offer a touching image of the complexity of allusion and aspiration which may



Marcus Coates with his award winning mixed media work, incorporating two women by Jan Van Eyck and his own torso

result from a position at once so knowledgeable and so vulnerable. He has taken details of two paintings of women by Jan Van Eyck and blown them up photographically, separating head from head and head from body. The delicate

features thus unadorned gaze out from above his own naked torso, substituted for the original sumptuously costumed body. His skill has allowed this young artist to enter history, paraphrasing the masterpiece in the questioning

technology of our times.

BT New Contemporaries, Cornerhouse, Manchester, until 1 August. Cornerhouse, 70, Oxford Street, Manchester. M1 8NF. Tel 061 223 7621. Touring to Derry, Sheffield, Stoke on Trent and Glasgow

Theatre/Malcolm Rutherford

Oleanna

The advance publicity was misleading: David Mamet's *Oleanna* is a much more subtle, cerebral play than you may have been encouraged to believe. To dispense with the title first: *Oleanna* is simply the name of an American folk song (Old Anna), played once as the piece opens and never again. Then we get down to business. The subject is not primarily sexual harassment, though that helps to make the play topical and talked about. Nor is *Oleanna* even necessarily about male-female relationships, though again that provides an added thrust.

Mamet's work is much more about the current pursuit of political correctness in American universities. Yet even that is an inadequate description. The real subject is witch-hunting or McCarthyism, whether from the left or the right. That has a long history in American politics, and indeed in the American theatre.

To make the point starkly: *Oleanna* might be an even more interesting and provocative play than it is if the professor were played by a woman and the female student who accuses him of sexual harassment and elitism were played by a man. There is very little evidence in Harold Pinter's production at the Royal Court that sexual harassment takes place: perhaps a scintilla of doubt to make it teasing, not much more.

The basic struggle is between liberals and liberals. The clash between the sexes may add to the box office (and who in the theatre can quarrel with that?), but gender is immaterial to the argument. Carol, the protesting student in *Oleanna*, could just as well be black, rich, Hispanic, Asian, male or any such combination. The same goes for the professor, John. The difference between the two of them is that the professor believes that words have a definable meaning while the student resorts to a group movement that prefers slogans.

In the process Carol picks up language first used by the professor, though without the understanding. At the start she queries him for using long latinate words where shorter ones might do. By the end, to the professor's ironic amusement, she is doing the same thing herself, but cannot see the distinction between what the professor calls an accusation and what she calls a fact. If the committee of the student body on the campus says it is a fact, a fact it must be, however monstrous the distortion. The

students' organisation apes the authority that runs the university.

There is a similar transition in the resort to the law. At the beginning, the professor is calling a lawyer to supervise the purchase of a new house. In the devastating second act, it is the student who calls the law to allege rape. Someone, incidentally, should write a thesis on the use of the telephone in contemporary theatre: it must have cost thousands of actors' jobs as there is no need to pay an unheard voice.

This is a marvellous play that could only have been written by someone with a deep understanding of linguistics. But it is more than word play. *Oleanna* contains a serious discourse on the value of higher education. Is it a right owed to every student, whether they are capable of appreciating it or not? Does more perhaps mean worse? Sir Kingsley Amis would love it, and there is just a touch in *Oleanna* of a debt to *Lucky Jim*.

Mamet writes like an adulated angel; terse, laud and to the point. Not a word in this quietly spoken production is redundant. It is ideal material for Pinter to direct: a disturbing, frequently menacing, but only at the end breaking into violence. Pinter's control is immaculate.

There is a controversy about the conclusion, of which more than one version exists. The Royal Court has gone, with Mamet's agreement, for his original text which ends with the professor grovelling to political correctness rather than the more brutal finale in the script published by Methuen and played in New York. I do not think that it makes a huge difference either way. By then you can draw your own conclusions from a totally adult play, a tribute I normally reserve for Harley Granville Barker who also performed at the Court.

The professor is played by David Suchet, the student by Lia Williams. Suchet catches to perfection that pedagogic, sometimes seemingly patronising manner of a man trying to be rational against the odds, struggling to find words for things that cannot be said because even language is imperfect as a means of communication. Ms Williams is quiet and fumbling to start with, as the part demands. She becomes a fury, the essence of a semi-educated sub-culture taking over. In this role she deserves a congratulatory first.

Royal Court Theatre. (071) 730 1745



Lia Williams and David Suchet

Concert/David Murray

Cherubini's Beethoven

Not old Cherubini the Franco-Italian opera composer, but the youngish, all-German Cherubini Quartet, who are delivering the complete "cycle" of Beethoven quartets at the Wigmore Hall. Though they have not yet recorded anything by their eponym, their recent recording of all Mendelssohn's quartets has excited admiration and delight.

On Wednesday, during the first three numbers of Beethoven's opus 18, one could hear what excellent Mendelssohn interpreters they must be. About their Beethoven I was less persuaded. Since they are not merely born-again Mendelssohns but highly cultivated performers, they offered many passing rewards and suave insights; transparent balance too, unimpeachable tempi, a cool, intellectual grasp of structure - and even some calculatedly playful moments. Yet there was never much muscle, despite their incisive fortissimo playing, nor much sign of young Beethoven's truculent thrust.

Their leader, Christoph Poppen, is a violinist with a soft, sensitive timbre of no great amplitude. In the romantic drama of the "Adagio appassionato" of the F major quartet, for example, while the lower strings grow properly forceful and doomy his own song - which should

carry warmly over it all - remained gentle and wan. In the G major, where Beethoven plays at being gracious whilst emitting constant hints of something more rumbustious, graciousness was all.

More typical of their best strengths was their *subito diminuendo*, an artful drop into lean whispers, which they exploited often; also their delicate, knowing indentation of musical paragraphs, accomplished with unanimous fluency. Finesse of that kind is ideal for Mendelssohn, a precociously conservative composer who never needed to advertise himself, whose radical turns were always disguised by perfect polish. The Beethoven of the opus 18 quartets, however, was determined to show not only how well he had mastered the arch-Classical medium, after Haydn and Mozart, but how much unfamiliar, unsettling power he could invest in it.

That was scarcely to be felt here. At the Cherubini's hands, the young Turk was made to sound like a serenely assured old pro. Far from aiming to recapture the original force of the music, they dressed it reverently in period costume. It should be interesting, at least, to hear how they adapt their pretty style to the towering last quartets which come at the end of their cycle on July 7, 9 and 10.

New York Balanchine bonanza

New York City Ballet's Balanchine Celebration, about which Clement Crisp wrote in its early stages, came to a triumphant end on Sunday with a gala performance that began at 4 in the afternoon and lasted until 10.30 in the evening, with intermissions when cocktails and zakouski (Russian hors d'oeuvres) or American desert (brownies and carrot cake) were served, and a longer break when you could get a box supper prepared according to Balanchine's own recipes.

As for the dancing, the programme reprised the chronological format of the season as a whole, but with an international flavour to illustrate the fact that Balanchine generously gave his ballets to companies all over the world. Guest artists from the Kirov, the Paris Opera, the Royal Ballet, American Ballet Theatre, Dance Theatre of Harlem, San Francisco Ballet, and Pacific Northwest Ballet (Seattle) appeared alongside City Ballet dancers.

Thus, there was a multinational *Apollo* with the Danish/American Nils Martins and Zhanna Ayupova (Kirov), Patricia Barker (Seattle) and Isabelle Guérin (Paris) as his muses. The sensation of the evening was Darcy Russell in the pas de deux from *Agon* (with Lindsay Fischer), proving that she is a hero Balanchine dancer. In *Who Cares?* Viviana Durante danced "The Man I Love" with Robert LaFosse and Elizabeth Loscavio (San Francisco) spun virtuosically through "My One and Only." At the end dancers and audience joined in a vodka toast to Mr B. The waiter with the drinks for Peter Martins, Lincoln Kirstein and Jerome Robbins was none other than Mikhail Baryshnikov.

As Clement Crisp indicated, the heroines of this extraordinary marathon were Kyra Nichols and Darcie Kistler, to whom I

would add Nichol Hlinka, who gave a delicious account of *Donizetti Variations* with Nikolaj Haabbe, the company's latest Danish recruit and of Columbine in *Horlequinade*, opposite a mercurial Damian Woetzel, and, with Peter Boal, realised all the tragic poetry of the *Divertimento* from "Le Baiser de la jée." It must be added that some ballets were sadly undercast, most conspicuously when Nils Martins, the son of Peter Martins, ballet master in chief, attempted roles like Orpheus and Apollo.

There is a dwindling number of dancers in the principal ranks who knew Balanchine. The next generation will come from the School of American Ballet, whose senior students also danced a selection of Balanchine excerpts in this year's "Workshop" performances, as well as one complete ballet, *Symphonic Concertante*, in acknowledgment of the fact that it was originally made for the school, in 1945. Nearly 50 years later, the very promising Rachel Rutherford and Tara Keim danced the leading roles. Rutherford, partnered by the elegant Peter Hansen, was also ravishing in "Tales from the Vienna Woods" from *Vienna Walzes*.

Symphonic Concertante was also in the repertoire of American Ballet Theatre this year at the Metropolitan Opera House. Kevin McKenzie, the highly respected dancer who has taken over the artistic direction, announced before the season that he intended to take the company back to its old policy of emphasising the "theatre" aspect of the company's title. No

chance. The next generation will come from the School of American Ballet, whose senior students also danced a selection of Balanchine excerpts in this year's "Workshop" performances, as well as one complete ballet, *Symphonic Concertante*, in acknowledgment of the fact that it was originally made for the school, in 1945. Nearly 50 years later, the very promising Rachel Rutherford and Tara Keim danced the leading roles. Rutherford, partnered by the elegant Peter Hansen, was also ravishing in "Tales from the Vienna Woods" from *Vienna Walzes*.

LONDON
Royal Academy of Arts: *Pissarro's Treasures*, including works by Guercino, Domenichino and Caracci. Ends July 25. Daily Courtauld Institute: Thomas Gainsborough as Artist and Collector. 14th and 15th Italian paintings collected by the 19th century painter, whose watercolours are also represented. Ends Sep 1. Daily Tate Gallery: Art and Liberation: painting and sculpture in postwar Paris 1945-55. Ends Sep 5. Daily National Gallery: 18th and 19th century paintings and drawings from Lille. Ends July 11. Also Van Velasquez paintings from Aspley House. Daily Accademia Italiana: Italian Art Treasures, including works by Guercino, Domenichino and Caracci. Ends July 25. Daily Courtauld Institute: Thomas Gainsborough as Artist and Collector. 14th and 15th Italian paintings collected by the 19th century painter, whose watercolours are also represented. Ends Sep 1. Daily MADRID Museo Nacional de Antropología: Japanese Calligraphy. Painters of the Magreb. Both exhibitions end on July 31.

NEW YORK
Guggenheim Museum: Paul Klee: 60 works from the museum's own collection. Ends Sep 19. Also Rebecca Horn: first full-scale retrospective of the German artist. Ends Oct 1. The SoHo site has Singular Dimensions in Painting: minimalist works from the 1980s and 70s by Elsworth Kelly, Agnes Martin, Robert Rauschenberg and others. Ends Aug 22. The main museum is closed on Thurs, the SoHo site on Tues.

Metropolitan Museum of Art
Drawings from the Getty Museum: 120 works by Titian, Raphael, David, Rembrandt and many others. Ends Aug 8. Abstract Expressionism: works on paper 1938-87 by American artists. Ends Sep 12. Closed Mon Museum of Modern Art: Latin American Artists of the 20th century: 300 works by 90 artists from 1914 to the present. Ends Sep 7. Closed Wed Brooklyn Museum: 20th century drawings: 90 works from the permanent collection. Ends Sep 19. Louise Bourgeois: eleven works by the artist selected to represent the US at the 1993 Venice Biennale. Ends Oct 3. Closed Mon and Tues PARIS Louvre: Copier-Créer: from Turner to Picasso, 300 works showing how artists copied the great masters. Ends July 26. Closed Tues Le Louvre des Antiquaires: The Shine of Pewter: 300 jugs, plates and dishes recreating 16-18th century table settings. Ends July 17. Closed Mon (2 place Palais Royal) Petit Palais: The Splendour of Russia: a thousand years of goldsmiths' work. Ends July 18. Closed Mon ROME Calcografia Federica: Peliti, Piedmontese Photographer in India: more than 200 evocative photos of the British Raj by a talented amateur, who was also a violinist

and sculptor. Ends July 10. Daily S. Michele a Ripa Borghese Collection: works by Titian, Caravaggio, Rubens, Raphael and others, on show in this deconsecrated church while the villa in the Borghese gardens is being restored. Ends Dec 31

ST PETERSBURG
Hermitage Fabergé: exquisite goldsmiths' work produced by the firm of Carl Fabergé from the 1870s to 1918, when he fled the Bolshevik revolution. The collection, drawn from public, private and royal collections in east and west Europe, includes everyday objects, jewellery, smoking accoutrements and imperial Easter eggs, some containing mechanical toys. After the current showing ends on Aug 15, the exhibition moves to Paris (Musée des Arts Décoratifs Sep 24-Jan 2) and London (V&A Jan 26-April 10 1994).

VENICE
Palazzo Grassi: Marcel Duchamp (1887-1968): 300 works. Ends July 18. Daily VIENNA Kunsthistorisches Museum: Gold from Kiev: 170 masterworks from the era of Scythian supremacy to the Christianisation of the Ukraine. Ends Aug 1. Closed Mon Kunsthalle: The Broken Mirror: 50 contemporary artists present an image of the diversity and function of art today. Ends July 25. Daily WASHINGTON Hirshhorn Museum: Jean Dubuffet: 97 paintings, sculptures and assemblages by the unconventional 20th century French artist. Ends Sep 12. Daily

National Gallery of Art
The Great Age of British Watercolours: 1750-1880. Ends July 25. Also Great French Paintings from the Barnes Foundation: 80 French Impressionist, post-Impressionist and early modern paintings. Ends Aug 15. Daily

Arthur M Sackler Gallery
The Divine Word of Islam: 23 printed volumes dating from the 14th to 18th centuries in Egypt, Iran and Turkey, including bound manuscripts of the Koran and a ceramic tombstone. Ends Jan 2. The Golden Age of Sculpture from Sri Lanka: 52 ancient masterpieces of bronze casting. Ends Sep 28. Daily

National Portrait Gallery
American Art at the 1893 World Fair. Ends Aug 14. Daily Remick Gallery: American Wicker: 80 pieces tracing the evolution of American wicker furniture from the Victorian era to the simplicity of the Arts and Crafts period. Ends Aug 1. Daily ZÜRICH Kunsthaus: The Nabes: 320 paintings by Bonnard, Vuillard, Vallotton and other members of the group of artists in late 19th century Paris who painted in flat, pure colours before reverting later to a modified Impressionist style known as Intimisme. Ends Aug 15. Closed Mon Museum Rietberg: Masks and Costumes of Japanese Theatre: No theatre masks and garments from the 17th to 19th centuries. Ends Aug 22. Closed Mon (Gabelstrasse 15)

INTERNATIONAL ARTS GUIDE

The summer music season at New York's Lincoln Center gets under way in earnest next week with the opening of the 1993 Mostly Mozart Festival, directed by Gerard Schwarz. The soloists in the opening two concerts are June Anderson, Joshua Bell and André Watts. The following eight weeks of concerts feature many of the world's distinguished Mozartians, including Christian Zacharias, Alicia de Larrocha, Pinchas Zukerman, Imogen Cooper and Cecilia Bartoli. As the title of the festival suggests, programmes focus on the music of Mozart, but not exclusively so: among the more unusual events this year is a performance on Aug 9 of Marc-Antoine Charpentier's *Action by William Christie and Les Arts Florissants*. Most weeks include two orchestral programmes (Tues/Wed, Fri/Sat), with chamber music on Mon and Thurs. On some evenings there

are pre-concert recitals (875 5030)

New York City Opera's 50th anniversary season opens on July 28 at State Theatre. Alongside the popular Puccini, Mozart and Bizet repertory, the company will stage the New York premiere of Tippett's *The Midsummer Marriage* (first night Sep 9), staged by Francesca Zambello and conducted by Christopher Keene. There will also be a week of world premieres in early October, featuring Ezra Laderman's *Marilyn* (based on the life of Marilyn Monroe), Lukas Foss' *Griffelkin* (based on Grimm's fairy tale) and Hugo Weisgall's *Esther*, based on the biblical heroine. The final new production will be Rodgers and Hammerstein's *Cinderella* - originally written for television, premiered in 1957 with Julie Andrews, and due to receive its New York stage premiere on Nov 9 (870 5570)

EXHIBITIONS GUIDE

BALTIMORE
Museum of Art Classical Taste in America 1800-1840: 250 exhibits, including paintings, sculpture, furniture, silver, ceramics, glass and textiles, showing the attraction which early Americans felt to the classical style. Ends Sep 26. Also Romare Bearden: 100 prints by the African American artist. Ends Aug 15. Closed Mon and Tues **BARCELONA**
Fundació Joan Miro Joan Miro:

are pre-concert recitals (875 5030)
New York City Opera's 50th anniversary season opens on July 28 at State Theatre. Alongside the popular Puccini, Mozart and Bizet repertory, the company will stage the New York premiere of Tippett's *The Midsummer Marriage* (first night Sep 9), staged by Francesca Zambello and conducted by Christopher Keene. There will also be a week of world premieres in early October, featuring Ezra Laderman's *Marilyn* (based on the life of Marilyn Monroe), Lukas Foss' *Griffelkin* (based on Grimm's fairy tale) and Hugo Weisgall's *Esther*, based on the biblical heroine. The final new production will be Rodgers and Hammerstein's *Cinderella* - originally written for television, premiered in 1957 with Julie Andrews, and due to receive its New York stage premiere on Nov 9 (870 5570)

large-scale centenary exhibition. Ends Aug 30. Closed Mon COLOGNE Wallraf-Richartz-Museum Highlights of the Baroque: a survey of French and Italian painting from the late 16th to 18th centuries, all on loan from French public collections, including works by Veronese, Bordone, Vouet and many others. Ends Aug 22. Closed on Monday Josef-Haubrich-Kunststiftung Anton Raderscheidt (1892-1970): retrospective of the Cologne painter who fell foul of the Nazis, showing the development from his constructivist early phase towards his mature style which came to be known as magic realism. Ends Aug 29. Daily

DJON
Musée des Beaux-Arts The Golden Age of Dutch and Flemish Paintings: a selection from Catherine the Great's collections in the St Petersburg Hermitage. Ends Sep 27. Closed Tues (Faleis des Ducs de Bourgogne) GLASGOW Hunterian Art Gallery Charles Rennie Mackintosh, Master of Design: drawn entirely from Glasgow University's renowned Mackintosh collection, some 50 works illustrate his remarkable versatility, including designs for clocks, doors, tombstones and textiles. Ends Aug 28. Closed Sun HAMBURG Kunststiftung Picasso After Guernica: 90 paintings, 60 drawings and ten sculptures, representing his later work, with a special focus on the 1950s. Ends Aug 29. Closed Mon

Is Mr Nick Lester about to become the most hated man in London? He stands a chance: for as the capital's first parking director, he is about to launch the biggest crackdown on illegal parking in the capital's motorists have yet known.

The good news for drivers is that, under the Road Traffic Act 1991, illegal parking is to be decriminalised. This means responsibility for enforcing parking restrictions on all but the main strategic routes will be transferred from the police to local authorities, with fines being treated as civil debts rather than an issue for the magistrates' courts.

The bad news is that motorists will stand much less chance of parking illegally without being caught; and that those who do break the rules, particularly persistent offenders, will suffer through swingeing penalties and targeted use of wheel-clamping and vehicle removal.

Under the existing system, parking restrictions in the capital are enforced by about 1,500 traffic wardens employed by the Metropolitan Police. In addition, some local authorities employ wardens to patrol parking meters and residents' parking spaces.

The system, however, is hopelessly ineffective. On average, the London motorist can expect to pick up only one parking ticket for every 50 infringements. With odds as favourable as that, illegal parking has become an epidemic, so worsening congestion and increasing journey times.

The main reason why so few offenders are caught is that the £60m collected in penalty income each year goes out to the Metropolitan Police, but to the exchequer. As a result, the police have little incentive to invest scarce resources in employing more wardens or to increase the productivity of the existing warden force.

Under the new system, local authorities will be able to keep the proceeds of parking fines instead of passing them on to central government, so they will be seeking to maximise revenues. By the end of next year, the London boroughs expect to employ an extra 1,000 wardens - or parking attendants, as they are to be known.

The increase in numbers will be reinforced by an increase in productivity because local authorities will aim to make a profit from this new source of revenue. If they succeed, they will be able to use the surpluses to provide more off-street parking or to improve

Punishment meted out

Richard Tomkins examines London's new carrot-and-stick approach to parking control



Clampdown co-ordinator: London parking director Nick Lester

roads or public transport.

According to Mr Lester, director of the Parking Committee for London which is funded jointly by the capital's 33 local authorities, the aim of the new regime is to adopt a carrot-and-stick approach to parking enforcement. "On the one hand, we are introducing rules that make sense and are easily explained, but on the other, we are getting away from the 'lucky dip' approach as far as parking illegally is concerned."

Briefly, the system will work like this:

- Responsibility for parking enforcement will be transferred area by area to local authorities over the next year. Pilot schemes will start in the Clapham Junction and Putney areas of Wandsworth on Monday, followed by the first three fully fledged schemes covering the boroughs of Hammersmith and Fulham, Lewisham and Bromley in October.

- When the transfer is complete, the 1,500-strong Metropolitan Police warden force will concentrate solely on the capital's main strategic roads,

now being redesignated "red routes", with much stricter curbs on parking. All other roads will be patrolled by local authority forces - separately managed, but following the same rules.

- The £40 parking penalty on red routes will be unchanged, but on other roads, the £30 penalty will rise to £90 in central London and £40 in the rest of inner London. In outer London, it will stay the same.

Mr Lester says the carrot for motorists will be much better signposting for motorists explaining when and where they can park legally, together with a review of existing restrictions to see where more parking space can be released.

Conversely, the stick will be the very much greater likelihood of being caught when parking illegally, combined with the prospect of tougher penalties. Attendees will also be able to mete out punishment selectively, for they will carry hand-held computers enabling them to check vehicles' records. While occasional wrong-doers will get a ticket, frequent offenders will

have their vehicles clamped or towed away - and from next year, their vehicles will not be released until all outstanding penalties have been paid.

The carrot-and-stick approach will continue after the ticket has been issued. The sanction against a motorist who does not pay up will be the same as that for any other civil debt - registration of the fine in a county court and, ultimately, a visit from the bailiffs.

But motorists will be encouraged to pay promptly by the offer of a 50 per cent discount for penalties paid in 14 days and the threat of a 50 per cent surcharge after two months. Those who believe they have been wronged will be able to book an appointment for an informal adjudication, at which they will get an on-the-spot decision after a five-minute hearing.

Although new to Britain, the London enforcement system is largely modelled on schemes introduced in US cities over the past two years - notably in Chicago, where a similar regime has succeeded in reducing congestion and cutting journey times. It will be closely watched by cities elsewhere in the UK and Europe.

Yet, as Mr Lester acknowledges, in one sense it is attacking the symptoms rather than the cause of London's traffic problems. The real issue is the fact that, at present rates of growth, the number of vehicles owned by Londoners will soon or later outstrip the amount of roadside space available to accommodate them.

No one has yet thought of a solution to that particular conundrum, for few of the possible solutions are attractive. Available evidence does not support the notion that improvements in public transport would stop people wanting to own cars. Building underground car parks is rarely feasible and always expensive. Knocking down houses to create more space would not win many votes.

In all likelihood, therefore, the answer will lie in ever-greater extension of parking restrictions and ever-higher parking charges, using price as the regulator between supply and demand. The regime about to come into force may just be a forerunner of more draconian measures to come.

Not that Mr Lester need worry: he cannot drive. "But I come from a car-owning household," he protests. "And no one's in this business to bash motorists over the head."

At least, that is, not yet.

Pawn and a white knight



Mr Michael Pawns, the member for northern Cyprus, deserves thanks. He has diverted us, and made a sunny week

delightful. His participation in the muddying of the waters in the case of Mr Asil Nohere produced stunning Wednesday theatre. The futile attempts by Madam Speaker to stop him from having music to the ears of Sir Anthony Scrabble QC. The whole performance must have confused the courts and bamboozled the public. No one would then ask how much money his client, Mr Nohere, is alleged to have pocketed before he scurried.

The plot would be perfect if, following the Americans' line on General Noriega, Mr Nohere could be brought here. Perhaps the task could be given to Group 4, the security specialists. Sir Norman Fowler, the Conservatives' chairman, could demonstrate that he is unafraid of revelations by the champion donor to party funds. He could arrange for this excellent firm, to which his connection has been noted, to kidnap our fugitive and bring him to court. Even if that denouement, which I recommend, is denied us, Mr Pawns' claim to Tory gratitude is safe. For he has rendered a service to the government: he has drawn attention to his own shortcomings, and thus, for a few blessed moments, directed our gaze away from the misfortunes of Mr John Major.

Could he thus become known to history as the Pawn of Fate, the sincere idiot who not only made the mistake of helping Mr Nadir broadcast the cry of the accused throughout the ages - "I was framed" - but who also inadvertently bequeathed the prime minister

a necessary breathing space? In mad moments, in which one entertains the proposition that Mr Major will be PM until the year 2000, this is as realistic a postulate as any.

Take it further. The recovery comes to life. The buoyancy of UK share prices continues. People perceive that there are jobs to be had and that house prices are no longer falling. Interest rate reductions in Germany and France are followed by cuts in Britain. The Tokyo meeting of the G7 gives Mr Major another week's respite from the rotten cabbage and custard pies of a relentless media audience.

As the long summer break approaches, accidents stop happening to the government. Ordinary business is taken seriously.

The proposed restructuring of police pay and administration tops one week's political agenda, a report of the Royal Commission on the Criminal Justice system is another. The final Maastricht rebellion, the one that is supposed to erupt when the hill returns to the Commons, fizzles. Lose or scrape home. The Conservatives are less humiliated in the forthcoming Christmas by-election than expected. When August, that month of civic forgetfulness, passes safely by, the anniversary of Black Wednesday is a subdued affair and the Conservative party conference in October is not the destructive shambles we saw last year.

Writing it down makes it impossible to believe, but it is what Mr Major's colleagues are praying for. Someone high up, I forget who, mumbled in my ear the other evening that

what the prime minister needs is some good luck. "Like a Falkland's war". Another relevant interlocutor commented that the first Black Wednesday, last September, had disenchanted the public while the second, the occasion of Mr Norman Lamont's resignation speech, bad perhaps irrevocably damaged Mr Major's standing with his colleagues, particularly in the light of his poor parliamentary response.

Perhaps the prime minister could make his own luck by finding a David R. Gergen. Mr Gergen is the political professional, a former press secretary to three Republican presidents, brought in by the Democratic President Bill Clinton to strengthen his support staff.

Tomahawk Bill's popularity began to rise after Mr Gergen arrived. I cast no aspersions on the Downing Street staff: all I would venture is that Mr Major needs more people around him who know how to do politics.

He could turn to some of Lady Thatcher's assistants, such as Sir Charles Powell, or Sir Bernard Ingham. No? Then maybe he should think about Mr Tom McNally, erstwhile adviser to Lord Callaghan. No.

The prime minister is not given to such imaginative strokes. He does, however, require a chorus of articulate voices to speak on his behalf. For lead propagandist he will rely on Mr Kenneth Clarke, his bluff new chancellor. But Mr Clarke cannot do the job on his own. Mr Michael Heseltine is off sick. An eager volunteer is to be found in Mr David Hunt, the new employment secretary. Mr Hunt enhanced his reputation when he stood in for the

stricken Mr Heseltine in a recent debate on opposition accusations that the funding of the Tory Party is corrupt and sleaze-ridden. He put aside his nice-guy smile and slung: as much mud across the despatch box as he had received.

Tomorrow we shall hear from Hunt the aspirant statesman and popular philosopher. He will address the annual conference of the Tory Reform Group at Worcester College, Oxford, on "The Conservative Party and Europe - a Christian Democratic perspective". He will sound a bit like the absent Mr Christopher Patten, who is unavoidably detained in Hong Kong. Mr Hunt is unashamedly European - albeit with a politically correct emphasis on competition - and a proponent of the social market. He says that companies should take responsibility for the welfare of their employees, and employees for the quality of their work.

At the core of Conservative belief, he argues, is the concept of the individual citizen as a moral agent, responsible for his or her own actions. He is a competent sloganiser - we shall soon hear about a new apprenticeship system for the new century - and a student of the theories of John Rawls, which he believes go some way to providing a secular moral basis for the free market system. Curious: Mr Roy Hattersley, the former deputy leader of the Labour party, was wont to cite Rawls in defence of socialism. Mr Hunt's forthcoming manifesto for one-nation Toryism should nevertheless be noted. It says what Mr Major cannot find the words to say. It amplifies Mr Clarke's "hard centre" definition of Conservatism. Whether Mr Major stays in office, rescued by Mr Michael Mates as pawn, or whether he goes, Mr Hunt is a politician to watch.

Joe Rogaly's column will be resumed on September 5.

Joe Rogaly

Whether Mr Major stays in office, rescued by Mr Mates as pawn, or whether he goes, David Hunt is a politician to watch

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please see fax for finest resolution

A superior record on economic forecasting

From Prof Tim Congdon.

"Sir, in his story 'Treasury 'wise man' calls for skills cash' (June 23), about the London Business School's latest Economic Outlook, Peter Marsh makes some quotes from the publication. Broad money is said not to have been 'a reliable indicator', while 'advocacy of this indicator' has been 'accompanied by exaggerated claims for Tim Congdon's forecasting prowess that does not bear close examination'."

I first began to provide detailed macroeconomic forecasts in 1986 when I worked at Shearson Lehman. The subsequent record of quarterly forecasts has been continuous, apart from a period in late 1988 and early 1989, just before I founded Lombard Street Research. Over this seven-year period I do not believe that the London Business School (or, indeed, the National Institute of Economic and Social Research) has once produced an end-year forecast for the subsequent year that has been as accurate as mine. (Of course, I did not have an end-year forecast in late 1988 for 1989, but I believe that my mid-year forecast was in this case better than the LBS's end-year forecast.) I may be incorrect in making these claims, but I find

it interesting that - since making them - no LBS or National Institute economist has taken up the challenge of comparing my forecasts with theirs. Happily, all the forecasts are matters of public record.

There is no doubt that, on average, my forecasting record has over the last seven years been superior to the LBS's and the National Institute's. I have tried to explain - to economists at both institutions and anyone else who may be interested - why I think they have been better. It has nothing to do with "forecasting prowess", whatever that is or may be, but with the application of certain

basic ideas in economic theory. In particular, every forecast that I have prepared has paid careful attention to various economic agents' demands to hold money balances, and the relationship between these demands and the actual quantity of money balances in existence. The need to equilibrate the demand for money with the money supply is an essential aspect of any meaningful attempt to understand the forces determining national income.

Tim Congdon, managing director, Lombard Street Research, 33 Lombard Street, London EC3

No vagaries if peat-free

From Ms Barbara Young.

"Sir, Peat producers hampered by wet weather this year would suffer less from the vagaries of the British climate if they switched to making peat-free composts in future ('Scottish peat profits bogged down by squelchy weather', June 29).

Fine weather is needed for peat extraction, but not for the production of adequate substitutes based on plant waste and coconut fibre. Increased use of these products would reduce the pressure on threatened peat bogs, home to many rare plants, animals, birds and insects, and also help address waste disposal problems.

Peat use could be cut by 70 per cent by the end of 1994 if the government introduced fiscal incentives to support this growing industry. This would undoubtedly offer compost producers a more secure future than a change in the weather. Barbara Young, Royal Society for the Protection of Birds, The Lodge, Sandy, Beds SG19 2DL

Costly delivery

From H N Harrison.

"Sir, On Wednesday I took a letter to my local post office and to my amazement the clerk informed me that the charge for the recorded delivery letter which I handed to him had increased from 30p to 55p. Yet only last week I paid 30p! That is an increase of 83.3 per cent."

I realise that the current inflationary rate does not include postal charges. Nevertheless, how on earth is the small businessman to survive? Or isn't he supposed to? H N Harrison, H Norman Harrison & Co, 309 Chase Road, London N14

UK must form a long-term energy policy

From Mr Peter Vincent.

"Sir, On June 21 you reported that British Coal expects to close within the next year some of the 19 pits previously regarded as 'core pits' ('Key pits face closure threat', On June 23 private mining companies were quoted as describing the government's plans to privatise British Coal as being little more than a 'farce'."

Both reports illustrate the government's failure to develop a long-term national energy policy which recognises the need to make best use of all Britain's energy resources, including coal.

The UK is fortunate in having access to the four principal sources of energy for generating electricity: gas, oil, nuclear

power and coal. We see little sense in creating a domestic energy market in which coal is effectively "priced out", thereby wiping out the massive past investment in this strategic resource.

The government has said that private mining companies are free to bid for the pits that British Coal no longer requires. But it has done nothing to increase the market for coal; nor has it got round to repealing the legislation which bars such companies from operating mines which employ more than 150 men underground.

In such circumstances it is hardly surprising that private companies have been reluctant to bid. And those that do may

see it merely as an asset stripping exercise.

If the government were serious about throwing a life-line to the "repressed" pits it would have ensured that a legislative framework was in place which would at least allow them to function under private ownership before it put them up for sale. We can only hope that its privatisation bill will be thought out more carefully, in five years, we may have no deep mining industry left.

Peter Vincent, chairman of the minerals market panel, The Royal Institution of Chartered Surveyors, 12 Great George Street, London SW1P 3AD

Role for small shareholder

From Mr J A Cunliffe.

"Sir, As this company's logo featured prominently at the head of Tony Jackson's article, 'Voice of the little guy: the small shareholder's right to speak' (June 21), may I comment on our attitude towards small shareholders, which is certainly not one of antipathy."

In recent years, our AGM has seen many questions, and some disruption, by anti-apartheid activists, but we would not share the description of them, or activists generally, as cranks. Far from attempting, or wanting, to stifle debate, successive chairmen have believed that the company has had good counter-arguments to present. Our AGM is not tightly controlled - although we hope it is run in a business-like manner - and shareholders are free to ask any question relating to the company's affairs, without notice.

Compared with their total number, few private shareholders attend the AGM, many no doubt for reasons of time and distance; others perhaps are

not attracted by its formality. Therefore, since 1977, Shell Transport has each year arranged informal meetings for shareholders around the country which provide the opportunity to meet and question senior executives. They have proved very popular.

Also, each shareholder receives an annual chairman's bulletin and, whenever we can, we invite shareholders to visit Shell installations. For example, in May a Shell tanker berthed for several days in the Mersey after taking part in the Royal Review to commemorate the Battle of the Atlantic. In four days, more than 7,000 shareholders and their guests visited the vessel.

We believe that the private individual shareholder has an important role to play in corporate governance. We try to bring the shareholder and the company closer together.

J A Cunliffe, Secretary, Shell Transport and Trading Company, Shell Centre, London SE1 7NA

Poor UK show in Shanghai

From Ms Laila Spence.

"Sir, On my return from China I read with interest your six-page survey on Shanghai (June 21). You wrote that this booming port intends to become a leading financial centre in Asia and that the year 2010 is mentioned as the target for the city to overtake Hong Kong as a financial services and trading giant."

I hope the Foreign Office read the survey. At present the British consulate in Shanghai consists of three Britons and a Chinese staff of seven. The members of the UK business community with whom I spoke were unanimous in saying that the consulate offered them no help or support.

Meanwhile the Australian consulate has a staff of 50; the French consulate, 20.

Why doesn't the Foreign Office stop being so archaic and get down to business? Laila Spence, 11 Cedar House, Marles Road, London W8 5LA

WHERE TO WATCH THE FT THIS WEEK

MONDAY

07:45 European Business Today† - Daily news, company results, market moves and boardroom interviews.
12:30 West of Moscow †
22:30 European Business Today†

TUESDAY

07:45 European Business Today† (22:30)
13:15 West of Moscow* (18:15)
08:15 FT Reports* (15:45, 23:45)

WEDNESDAY

07:45 European Business Today† (22:30)
21:30 Financial Times Reports† Paying the piper. Why do companies sponsor the Arts and do they get what they expect?

All times are CET

KEY • Sky News † Super Channel
* Euronews

THURSDAY

07:45 European Business Today† (22:30)
08:15 West of Moscow* (15:45, 23:45)
13:15 FT Reports* (18:15)
20:00 Financial Times Reports • (01:00, 05:15)

FRIDAY

07:45 European Business Today† (22:30)

SATURDAY

05:30 Financial Times Reports •
08:30 Financial Times Reports †
11:15 West of Moscow • Ukraine...holding the cards? In a location report from Kiev we profile the front runner in East Europe's new capitalism. (22:15, 02:15, 05:15)

SUNDAY

13:00 Financial Times Reports • (20:00)
19:00 Financial Times Reports †
22:30 West of Moscow †

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Friday July 2 1993

Bundesbank eases rates

BY EASING interest rates, the Bundesbank has made the task of defending German economic policy at next week's meeting of the Group of Seven leading industrial countries in Tokyo just a bit easier. But it will not be that easy. German monetary policy remains restrictive, while its effects on those linked to the D-Mark remain unpleasant. So long as this continues, continued US and French pressure on the Bundesbank is certain.

Yesterday's reduction in the discount rate, to 6.75 per cent, is the fifth since last September. The cumulative reduction now being 2 percentage points. But the discount rate is only a floor, just as the Lombard rate, lowered a quarter of a percentage point yesterday, to 8.25 per cent, is the ceiling. What matters for the market is the repurchase, or "repo", rate, which stood at 7.3 per cent yesterday, a decline of 2.4 percentage points from levels reached in the summer of 1992. The decline in short-term interest rates does appear substantial. But appearances are deceiving.

In the first place, Germany is in deep recession. In the year to February 1993, German industrial production fell 12 per cent, though from a high level. Meanwhile, gross national product declined 2.9 per cent in the year to the first quarter of 1993. In its latest Economic Outlook, the OECD forecasts a fall of 1.9 per cent in German gross domestic product between 1992 and 1993.

Restrictive policy

Admittedly, the OECD is modestly optimistic about next year, expecting gross domestic product to increase by 2 per cent in the first half of 1994 and 2.8 per cent in the second half. Similarly, Bundesbank president Helmut Schlesinger stated yesterday that the council believes the economy is at its low point. But both institutions have been too optimistic about the strength of the German economy in the recent past. Only last December the OECD thought the German economy would grow 1.2 per cent between 1992 and 1993.

The re-shaping of British Gas

APART FROM the issue of British Gas's domestic gas monopoly, which the FT has argued (June 29) should be abolished, the Monopolies and Mergers Commission must make two other important recommendations: on a rate of return for the company's pipeline business and whether British Gas's structure is itself against the public interest.

Structure is a central question. Some think that, even if its formal monopoly is breached, British Gas will, in its existing form, retain an unacceptably dominant position. Ofgas, the gas regulator, has argued for it to be split into a number of elements, including a gas pipeline company and one, or possibly a series, of regionally defined gas trading companies that would sell gas to homes and businesses. The advantage would be to open up further the market in gas supply, while placing the natural monopoly of the pipeline under impartial ownership.

British Gas's position is that this would multiply costs without discernible benefit to customers. It wants to retain the monopoly, but has offered to split itself into five units for accounting purposes, with a view to re-structuring the regulator that it is dealing fairly with competitors and customers. The company also argues that it needs to be large and integrated to compete on the world stage.

In theory, the break-up argument has clear attractions and would be the right way forward were British Gas now being brought in to the private sector. But there is no denying that today it would also bring great uncertainties, not least for shareholders, and potential rewards which no-one, including Ofgas, has yet convincingly quantified. It feels like a step too far.

Serious defects

Equally, however, British Gas's position has serious defects. Accounting separation within a centralist culture like British Gas's might have limited impact, in practice. If British Gas also wins the argument for keeping its monopolies, it would rule out the benefits that competition can bring: innovation, better service and a tougher pricing environment. On the other hand, if the domestic monopoly is ended, an

stance is restrictive when short-term interest rates are higher than long-term rates and easy when they are lower.

Even after these latest cuts, the Bundesbank's short-term rates of interest remain well above long-term rates, now a little above 6½ per cent. Not only is the monetary stance restrictive, but it has eased rather little, mainly because long-term rates of interest have, as intended, declined with short-term rates. Last September, three-month rates of interest were 2 percentage points above long-term ones. After yesterday's cuts, they were still three-quarters of a percentage point higher.

Slow lane

The Bundesbank remains cautious, as Mr Schlesinger remarked. Yesterday's cuts will not do much to transform the miserable short-term prospects that are now worrying the French government. The OECD expects German short-term interest rates to be 4½ per cent by the second half of next year. Even this may be neither low enough nor soon enough. Not only would the Bundesbank's policy still be less expansionary than the Federal Reserve's of today, but the more slowly it eases, the further it may have to go.

The Bundesbank has at least given its dependants some encouragement. As and when monetary growth falls well within its target range, further interest rate reductions are to be expected. This thought must encourage beleaguered French politicians to hang on. After last week's rebuff by the German finance minister, Mr Theo Waigel, to its request for joint discussion of interest rate policy, the French government must have prayed for just such encouragement. But it has not received that much. Meanwhile, Mr Waigel must have disappointed the French yesterday by admitting that Germany would not be ready for economic and monetary union in 1997 or in 1999, if public deficits were not first reduced.

What is often flatteringly described as the European Community's "fast lane" is set to remain among the slowest places in the world economy. So long as this continues, the EC will be subject to fierce criticism not only by its partners but also, more worryingly, by its citizens.

The re-shaping of British Gas

Integrated British Gas would be so powerful that it would be able to frustrate new competitors. One compromise, already adopted in the industrial gas business, would be to require British Gas to surrender fixed percentages of its market over time, but that is a crude device which attracts regulated entrants rather than true competitors. Better at this stage to establish British Gas's pipeline and trading arms as wholly separate subsidiaries, so creating at least some of the transparency needed for a genuine market. In these circumstances, the threat of full-scale dismemberment could be held in reserve should British Gas abuse its position.

Contrary proposals

Whichever route is chosen, the MMC will have to determine an appropriate level of profitability for the pipeline monopoly. This rather technical issue has been followed by provocative and contrary proposals from Ofgas and BG. The right rate of return figure probably lies in the middle of these pitches, between 5 and 8 per cent in real terms, offering a premium on top of index-linked gilts without excessive reward for a low-risk business. Although new assets should be valued on a replacement cost basis, the company's assets at privatisation cannot be since they were sold at a substantial discount to book value.

These are complex but important issues. British Gas's argument is, at core, that its customers are happy, its would-be competitors unimpressive and that it should be left to emerge as a great, international, integrated gas company, with interests from the oilfield to the showroom. It is an argument which might well appeal to the present government, but it ignores the fact that the combination of privatisation and competition has yielded rich benefits across the utilities in terms of efficiency, innovation, prices, service and transparency, and that the same process can be taken much further in the gas industry. Nor is there any evidence that size is a qualification for effective international expansion. The MMC and the government will be right to urge careful change, but badly misguided if they resist change at all.

It is hard to know who should be believed.

Mr Theo Waigel, Germany's increasingly weary finance minister, has persuaded his partners in government to accept a painful package of cuts, mainly in unemployment and social benefits. It is intended to save DM25bn (\$9.8bn) next year, and up to DM35bn by 1996, and thus keep the federal budget deficit to manageable proportions. The aim is to bring the deficit down from about DM70bn today, or 15 per cent of the federal budget, to just 10 per cent by 1996.

Unemployment pay will come down three percentage points (from 68 to 65 per cent of previous earnings for a married man), and related social benefits will be cut by the same amount. A time limit will be fixed for earnings-related benefits, and a drive launched to stem social insurance fraud is intended to save up to DM5bn.

No less than DM14bn of the savings in 1994 come from direct cuts in welfare payments for the needy, at a time of severe recession and rising unemployment.

Little wonder that Ms Ursula Engelen-Kefer, the deputy chairman of the German trade union federation, says it is the most devastating assault on the welfare state since the early 1930s - when the harsh fate of the unemployed was a key factor behind the rise of Hitler.

Yet Mr Helmut Geiger, president of the savings banks' association, fears it is too little, too late, to cure the federal government's fiscal laxity. It still leaves a "horror scenario" of an intractable structural budget deficit from 1995, when the full burden of borrowing to finance unification will fall on the central exchequer, he says. And he doubts whether anything like DM5bn can be saved in combating fraud.

Only the German Bundesbank was yesterday prepared to give Mr Waigel the benefit of the doubt. The bank indicated its modest approval by shaving its discount rate by 0.5 points. It was scarcely a vote of great confidence. And when the finance minister travels to Tokyo next week with Chancellor Helmut Kohl for the Group of Seven summit of leading industrial nations, he will almost certainly meet more of the Geiger-style sceptics among his international colleagues.

If the savings plan has pleased almost no one, why is Mr Waigel forcing it through?

Coming six months before the start of a mammoth election year in Germany, when 19 separate polls at national, state and local level will decide the country's political complexion for the next four years his move looks almost foolhardy.

Yet few in government doubt that the finance minister had any choice but to tackle the sacred cow of social spending. Like the rest of the

Cuts may not be deep enough

Quentin Peel says the German government's assault on the welfare state has provoked bitter opposition

Industrialised world, Germany faces a demographic shift, which means that ever fewer workers are contributing to the soaring social costs of ever increasing numbers of the old, the young, and the needy. Unlike the rest of the industrialised world, Germany's problem has been massively compounded by unification.

The three pillars of the German welfare state - health insurance, pensions, and unemployment insurance - have always been generous in their benefits. Unlike the British system, where social security is closely controlled by the Treasury, German insurance funds are self-financing and contribution-driven. It is only when payments outstrip contributions that the state steps in to subsidise. Unemployed workers have until now received two-thirds of their former salary for 32 months, and then a few percentage points less, indefinitely.

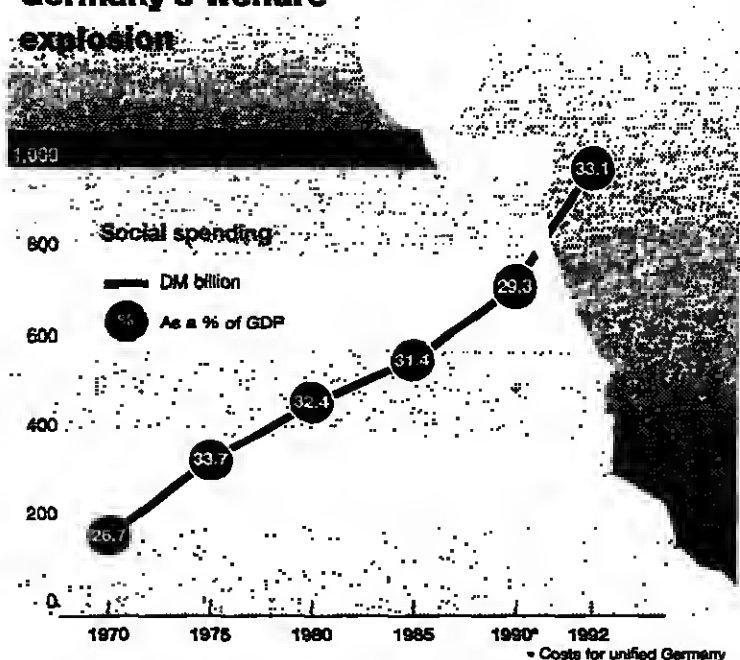
It has always been easier to allow insurance contributions to rise as social spending has soared, rather than switch a part of the burden to the general taxpayer. The result has been a rising burden not only on individual workers, but on their employers, who share the insurance contributions for all three funds on a 50:50 basis.

The proportion of gross income which the worker and the employer must jointly pay in insurance has risen from just 26.5 per cent, in 1970, to a forecast of at least 39.2 per cent next year.

According to the German Federation of Industry's economy institute in Cologne, the whole gamut of extra payments, such as holiday pay, per employee amounts to 86.5 per cent of basic wages, giving western Germany the highest wage costs per hour of any industrialised state: almost DM43 per hour in 1992, compared with DM39.24 in Switzerland, DM30 in Japan, and less than DM25 in the US.

German employers have complained bitterly about their social burden for more than a decade, and Mr Kohl's conservative coalition has been cautiously attempting to curb it. The advent of east Germany, with huge social needs, and very modest contributions, has turned a long-term structural problem into a short-term crisis.

Germany's welfare explosion



Social insurance deductions Contributions of employers and employees as percentage of gross income							
	1970	1975	1980	1985	1990	1993	1994*
Pension contributions	17.0	18.0	18.0	19.2	18.7	17.5	19.3
Unemployment insurance	1.3	2.0	3.0	4.1	4.3	8.5	6.5
Total	26.5	30.5	32.4	35.1	35.5	37.4	39.2

* Forecast

Social spending, which increased from DM180bn in 1970 to DM744bn in 1990, shot up to more than DM1,000bn by 1992, because of the east. And the burden has been borne by western German workers, employers, and the federal budget.

The government has already started to cut social spending with health reforms agreed last year. In the health sector, doctors' prescription budgets have been capped, and the number of drugs paid for by health insurance limited. The changes have shown significant savings but these have been at the expense of German drug manufac-

turers and pharmacists. As for the pension funds, they cannot be touched, even by Mr Waigel. A proposal in May mooted by the finance ministry for a reduction in benefits was met with an instant denial by Chancellor Kohl. Yet the funds are transferring a net DM14bn from west to east, according to Mr Reinhold Schulze, chairman of the federal fund for white-collar workers. East Germany had inadequate funds to finance western-level pensions for its old people. The result is a forecast increase from 17.5 to 19.3 per cent of individual wages in pensions contri-

butions next year.

The only significant area of social spending left for Mr Waigel to squeeze was the unemployment funds, which finance not just dole payments, but also retraining schemes, job creation measures, and even language training for returning German emigrés.

To finance labour market transfers to the east, running at some DM35bn a year, the federal labour office, which administers the system, had to increase contributions from 4.3 per cent to 6.5 per cent in March 1991. Even then, the government is having to pay a subsidy of DM18bn towards its DM90bn budget this year, and a probable DM20bn out of DM100bn next year.

Yet Mr Waigel's savings package is tackling only the short-term problem. His colleague, Mr Günter Rexrodt, the economy minister, is equally worried about the inexorable increase in all forms of social spending in the long term, with a shrinking workforce to pay the contributions. His answer is to propose a strict ceiling on contributions, and simultaneously to launch a campaign for longer working hours, shorter holidays, and longer working lives: against all current trends.

"We will have severe problems around the end of the century," according to a senior official in the ministry. "If we can reverse the trend, and have longer working lives, very small changes can have a huge effect. One more month's work means one more month's contributions, and one month less of pension payments."

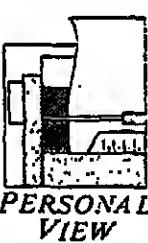
If Mr Waigel's savings package has caused offence to the unions and the SPD, Mr Rexrodt's proposals seem to be just as sensational. The slightest hint of returning to a 40-hour week is anathema to the trade union leadership.

Yet there is one area of reform where the opposition and unions are prepared to co-operate: to take on more of the social burdens on the taxpayer, and relieve the burden of direct insurance payments.

Mr Klaus Zwickel, the new leader of IG Metall, the engineering workers' union, sees such a change as justified by the new demands in the east, which should not be borne by western workers alone. Some 2m civil servants, and the same number of self-employed, make no contribution.

If Mr Waigel were able to offer some sort of trade-off between capping social benefits, and a fairer distribution of the costs, he might still be able to bring the opposition and unions to a negotiating table. But for the time being, he looks condemned to force through his savings package in splendid isolation.

New rhythm for the tax and spend rhyme



PERSONAL VIEW

The rhythm of life is changing. Chancellors of the exchequer will no longer hold Mr Gladstone's box aloft on a sunny afternoon in the spring, but in the dingy gloom of late November. The second Budget of 1993 seems set for November 30, St Andrew's Day. The change was announced in the 1992 pre-election Budget of the former chancellor, Mr Norman Lamont, with the claim that the new timetable would "enable all concerned - parliament, the public, and government - to consider spending proposals alongside the tax proposals needed to pay for them".

In future, details of both public spending and tax plans will be announced together on Budget day in late November. This means delaying the announcement of spending decisions by two or three weeks compared to the old timetable, and accelerating the announcement of tax changes by three or four months. The government has

made a number of claims about the benefits that will flow from this change in timetable: that it will improve decision taking, improve presentation, stimulate more informed debate and provide benefits for taxpayers.

On the quality of decision taking, the white paper announcing the change comments that "ministers will be better able to judge the merits of public spending proposals in the light of the overall fiscal position. And the potential trade-offs between tax reliefs and public spending can be more carefully considered".

All this would be true if decisions were to be made together. But all that is really happening is that they are to be presented together. The overall levels of public spending for the next three years were decided in a cabinet meeting in mid-June, and these are now fixed and "are not to be reopened in subsequent cabinet discussion". All that remains to be decided on spending is the allocation between departments. But because of the potential burden on officials and ministers caused by

bringing together the tax and spending process, the spending process is to be accelerated so that the relevant cabinet committee can carry out the bulk of its work in September.

As the all-party Treasury and Civil Service Committee said in its report on the new timetable, "if the only way of coping... is to separate the decision making processes

The new unified budget statement will not mean tax and spending decisions are made together

(either in time or by allowing different personnel to concentrate on the expenditure and revenue side respectively), much of the claimed advantages of better decision taking within government will prove illusory. Nor does it seem likely that 'potential trade-offs' between taxation and expenditure will be any better considered than previously if the expenditure decisions have

largely been taken two months before the unified Budget.

Given the recent suggestion by the new chancellor, Mr Kenneth Clarke, that he will decide three or four weeks before the Budget whether to raise taxes, the fact that the level of spending will be set five months before the Budget and its allocation at least two months before the Budget, makes suggestions of truly joint decision making seem fanciful.

In hoping for better presentation and more informed debate, the government is on firmer ground. By announcing tax and spending plans together, it should be possible to increase awareness of the costs of higher spending in terms of higher taxes, and of lower taxes in terms of lower spending. The main complaint to make here is that, while debate may be more informed, there are no proposals to create any new opportunities for parliament to engage in decision making as opposed to debate. And the chance offered by an earlier Budget to extend the period of debate on the Finance Bill has been missed. The final stated advantage, that

there will be benefits to taxpayers, has some weight. The announcement of changes to income tax four months before they are to be implemented will mean that pay-as-you-earn will work smoothly and that there will be scope in some cases for taxpayers to take advantage of pre-announced changes to minimise their tax payments. The announcement of indirect tax changes in the run-up to Christmas may not seem such a benefit.

To describe the new unified Budget statement as much more than a shift in the timing of the announcement of tax and spending decisions is to exaggerate. This bringing together of announcements has some advantages and should lead to a better informed debate. But we are not going to see tax and spending decisions made together, nor is the change a way of extending consultation. Much more could and should have been done.

Andrew Dilnot

The author is director of the Institute for Fiscal Studies

Bus-lord's holiday

With his £2bn-plus agreed bid for Quantum Chemical now in the bag, whether Lord Hanson? A clue lies in his other bag and baggage, including 13 motorcars, seen in a dark green Mercedes estate with silver trailer mascot and personal number plate, disembarking at Nice from the night train from Calais.

The car then sped off in the tracks of the "Gatsby set" of novelist Scott Fitzgerald - the very rich, he said, "are different from you and me" - to the Hotel du Cap d'Antibes. The good lord himself will be following by private jet, of course.

With his family and sometimes friends too, he has gone summer after summer to the ludicrously expensive establishment looking over the bay of Cannes. He is also a regular patron of the hotel's Eden Roc beach club, haven of film stars and old family money as well as international tycoons.

This time the scheduled stay is unusually if not extraordinarily long. He is booked in for three weeks - his doctors have ordered him to take things easy, though more to convalesce after a disc operation than because they think he needs a rest from the strains of business.

That is no doubt just as well. His suite at the hotel is being transformed into an office-in-exile,

equipped with all manner of high-tech gadgetry to keep him in constant touch with the affairs of his conglomerate.

Nevertheless, his aides are offering even odds on two eventualities. One is that he won't be able to stick out for a whole three weeks away from headquarters. The other is that, if he does, he'll need another holiday to recover from it.

Growth oath

As course words go, it certainly doesn't live up to the standards set by such as John McEneaney. But on the upper-crust tennis courts of the Home Counties where it's in fast-growing use, it carries deeply felt meaning.

When the returns fall short and the service falters, the in-thing to exclaim is "Oh Lloyd's!"

Smokey's send-off

Though the sun was shining and the champagne flowing, the first reception for the Bank of England's new governor was but sparsely attended. Besides Eddie George - otherwise known as Smokey Joe - the octet present included Mrs George, Bernice Kemp, who organised the bash and bestowed the nickname, and top professional toastmaster Ivor Spencer, replete with presentational magnum.

OBSERVER



"Is it me... or are the police getting younger?"

Possibly the thin crowd reflected the impromptu nature as well as the site of the occasion: outside North Dulwich railway station. Invitations had been strictly by word of mouth, in whispers.

The champagne launching was newsgate Bernice's tribute to the governor not only for rising to the office from humble beginnings, but also for buying the FT from him for years.

They are almost neighbours. For the past quarter century Smokey Joe - so called because he always has a gasper on the go when he picks up his paper - has lived in a semi only a few roads away from the station, above which Bernice

has lived for his whole life.

Like his customer, he is moving up in the world. He has diversified into double-glazing, painting and decorating, plumbing, carpentry and window-cleaning for offices, all without having to advertise.

Along the way he has served other distinguished customers, in Lady Thatcher and the ex-premier of Thailand, and he is currently in the running to help to build a Greek airport...

But there the chat ends. He must rush off to make sure that what could well be the last time Smokey Joe goes to work by train - the 7.32 to London Bridge - isn't the first time he misses it.

The downside

Mind you, the local boy's promotion isn't lifting hearts in all the businesses in George's neighbourhood. His implacable stance on inflation, in particular, is the focus of gloom in several of the cluster of shops just down the street from his home.

Take Bartley's Fruiters, whose owner Arnold Levinrad says: "Low inflation by itself is not good enough, there also has to be growth." And his view that both Bank and Treasury haven't done enough to oil economic wheels is shared, for instance, by chemist Dhru Patel and Robert Smith who runs the local showroom of the S G Smith Motor Group. Moreover, they have local

evidence to back up their argument. Not only are the fruiterer's takings down 30 per cent from two years ago, but of the 15 shops in the cluster, three stand empty.

Drop out

"Let's hope it isn't given the bird," said Observer just four weeks ago about the musical, *Leonardo*, then opening in London and financed by the giano encrusting the tiny Pacific island of Nauru. With its stocks scheduled to run out in five years, it had banked on its £1.5m investment in the show paying rich returns.

Alas, the Strand Theatre is pulling the plug on it, blaming the critics for dropping on it unjustly from an exceedingly great height.

Close crop

Asked for a job by the smallest man he'd ever seen, the lumberjack boss challenged him to prove his worth by chopping down the biggest tree in sight. Whereupon he grabbed an axe and, with a blur of movement, felled the tree within seconds.

Flabbergasted, the boss asked where he had learned such amazing skill. "Working in the Sahara," the axeman answered. "But there aren't any trees there," spluttered the boss. "Of course there aren't, now," said the midget.

Proposal to speed settlement of equity trades in London market

Waigel says German budget deficit may delay Emu entry

Outlook for US industry weakens

Belgian warning on larger EC

Chinese farmers

THE LEX COLUMN

Schlesinger marks time

That is in contrast to the water sector where gearing is rising sharply.

Having played fast and loose with shareholders for more money, it is no surprise in pre-tax profits certainly lends credence to the benign outlook. The company's judgment has proven in the past.

Between the big three plasterboard manufacturers after they came closer to bleeding each other dry. Prices have climbed 29 per cent in the past 18 months. BPP's profits have benefited immensely from the trend, especially in the past.

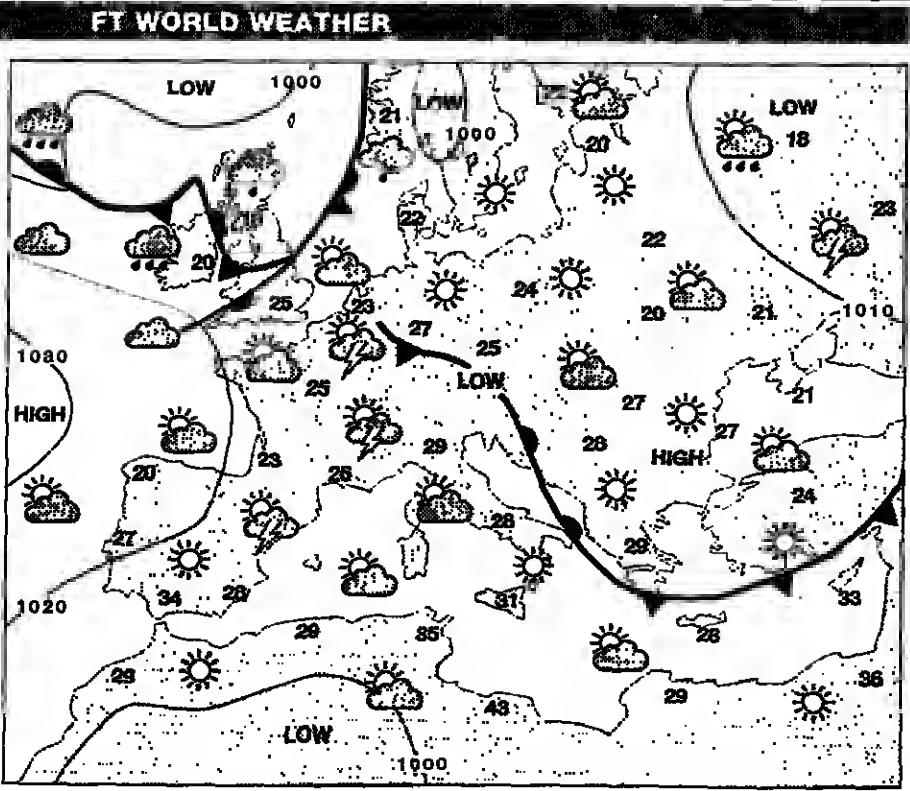
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An area of high pressure over the southeast of Europe extends its influence towards the North Sea. Sunny and warm conditions are expected from southeast Europe to the Low Countries, with temperatures as high as 25C to 30C and tropical values in the Mediterranean countries. Southern Scandinavia will have another sunny day, but showers followed by cooling will affect the west of Norway. Thunderstorms and local outbreaks of rain over France and Switzerland will slowly shift to the east increasing the risk of thunder in Belgium, Luxembourg and southern Germany. Over the UK a weak frontal zone will make little progress bringing some rain in the northwest. Western Russia will be showery.

High pressure is building towards central Europe. Southern Europe will remain warm and sunny in general, however thunderstorms will develop in the Alps. Northern Europe will face unsettled conditions and lower temperatures, with significant rain in northern Scandinavia next week.

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Lufthansa
German Airlines

هذه امنه الاصل

RECRUITMENT

JOBS: Real-life survivor tells how organisations' political problems can be tackled and tamed

GIVEN the vogue for performance reviews nowadays, even readers who don't regularly carry out appraisals will be used to having some thrust upon them. But how many of you, I wonder, have had a managerial colleague spontaneously approach you and say: "I'm most interested in hearing from you about things which you think I could improve my performance by changing. Also, any things that you believe are important, yet you believe that I do not see."

The Jobs column's guess is that it hasn't happened to very many of you, although no doubt the odd case occurs. Even when it has done, however, I'd take bets that the colleague wasn't the chief executive of your company.

The sole recorded instance I know of is in the outfit I wrote about four weeks ago. As enduring readers may remember, it was set up by seven high-fliers who'd decided they could no longer bear the organisational politics in the separate management consultancies where they had worked before. Their avowed aim in establishing their own consultancy was that its internal dealings would be open and straightforward.

Alas, it nevertheless soon turned into a political snake-pit at least as bad as any they had left. The worst of the slithering manoeuvring, moreover, was being perpetrated by the seven founder-directors themselves. Fortunately, unlike the numerous top managements

that turn a blind eye to such counter-productive problems, they elected to tackle them and called in Harvard University professor Chris Argyris to help to set matters to rights.

In his book on the remedial project, the professor tells how the one of the seven who'd been made chief executive decided that, as he appraised the work of his six fellow-founders, they should be given a chance to appraise him. He therefore called them all to a board meeting, and began with the words I quoted early on.

My own impression that such events are unusual is confirmed by Chris Argyris, who says: "Rarely does a chief executive officer bring his or her group together in order to review the CEO's performance. A few CEOs might hold a private review with a close colleague. Few would consider doing it with their entire group, and even fewer would actually implement it."

That set me wishing - along with well over a dozen other people who have inquired these past weeks - that I knew the consultancy's name. After all, such an unusual chief executive would

*Knowledge for Action, Jossey-Bass, San Francisco (ISBN 1-55542-519-4), \$29.95.

surely have interesting things to say. But since the professor scrupulously refrains from identifying the outfit, I'd settled for disappointment...until the fax suddenly reeled out a message from the rare specimen himself.

He is 39-year-old Mark Fuller, and his consultancy is the Monitor Company based in Cambridge, Massachusetts. He tells me it started in 1983, and over the next three years grew to employ nearly 100 people. Meanwhile, however, the distrustful politicking was blocking useful action to the extent that the business was in danger of breaking apart.

Then came the decision to call in Chris Argyris and start the remedial programme. And what is the result?

Today, Monitor has over 400 on its payroll, including 350 consultants. It has three United States branches and others in Toronto, Tokyo, Seoul, Milan, Munich, Madrid and London besides the European headquarters in Amsterdam. The chief executive says US clients include 17 of the top 35 companies listed by Fortune, and comparably substantial organisations in other lands. "So getting to grips with our political difficulties looks to have paid off," he adds.

Since the task must have sharpened his consultant's eye for similar snake-

bits elsewhere, does he think that the problems which bedevil organisations are more often political than of the financial or other technical kinds?

"In most cases I see, not only are the majority of the problems political, but the proportion is growing. Companies have greater technical resources than they had in 1983 - spreadsheets, for one example. But that kind of expertise can't help if there are taboos on sharing or even collecting certain information, or when the truth dare not be told."

Does he agree with Chris Argyris that the prime cause of such troubles is, not anything anyone does badly, but a polished skill virtually all of us begin acquiring before we can walk?

(The professor thinks the root is the defensive tactic of countering personal threats by first bypassing the problem, then covering up the by-pass, covering up the cover-up and so on. Hence the law of organisational stupidity named after him, Argyris's Archetype, which states: *The more threatening a problem to those responsible for solving it, the deeper it will become ingrained under ramifying layers of camouflage.*)

"For the most part, yes," Mark Fuller says. "The root is defensive manoeuvres by individuals, although the trouble

doesn't always start in the top ranks as it did with us. But when it does, it sure as hell cascades downwards, spreading and intertwining as it goes."

When Monitor's consultants see a client concern is stricken by politicking, how safe do they feel in saying as much to its chiefs? After all, the top bosses may well owe their own positions to playing the power game better than more technically capable people below.

"Well, that might be so - and the only reason they're offering us an assignment could be that they want a report that helps their play. But in that case, it would soon be clear to both them and us that we wouldn't get along. If we're going to be able to help clients, we must be free to tell the truth."

There are, however, more and less useful ways of telling it, he adds. One of the lessons Monitor has learned from Chris Argyris is that people's self-protective manoeuvring can only be made worse by talking to them in a way that makes them feel more threatened than they were in the first place. Discussions must be "crafted" to avoid triggering defensive reflexes.

"So long as that's done," Mr Fuller says, "we find clients are more and more ready to face up to what's really

stopping them from being effective. For one thing, they'll usually have tried out technical prescriptions like total quality and so on, and found they don't work. For another, these days there are fewer safe havens where businesses snarled up by power games can survive.

"Of course, that doesn't apply in the not-for-profit sector, where they're still flourishing - and I don't simply mean government organisations. Universities, for example, are as bad as any."

Nor would he except the schools of management. Although he has lost the close knowledge of them he had as a student and tutor at Harvard Business School, they strike him as paying scant heed to political problems as opposed to the technical sort.

"Mind you, universities aren't geared to teaching the lessons we've had to learn. The only way is by concentrated experience which is evily frustrating because, try as you might to get rid of them, the defensive routines keep reasserting themselves. There's so much deep habit to be unlearned before you can start learning to act differently. Even though it's seven years since we called in Chris Argyris, we're still short of a clean bill of health."

"But there's one thing I can assure you. Nobody who had changed to the new way of working would ever want to go back to the old one."

Michael Dixon

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We require a US or UK qualified lawyer for a position within our in-house legal department with responsibility to provide legal and compliance advice to capital markets, trading, private client and private banking businesses situated in the UK, Europe and the Middle East as well as general corporate matters.

The successful candidate will have 4 to 6 years' experience with a law firm or financial institution. He or she will also combine a sound understanding of the law with the ability to grasp the practical workings of the Firm's business, be capable of assuming responsibility with a minimum of supervision, organising a full and diverse workload and reacting quickly.

The incumbent will be required to advise on all applicable securities regulations and laws, including those of SROs, as they apply to the Firm's business in Europe and the Middle East.

Please write, enclosing full CV and salary history, in complete confidence, to Alan Beazley, Personnel Manager, Merrill Lynch Europe Limited, Ropemaker Place, 25 Ropemaker Street, London EC2Y 9LY.



Merrill Lynch

A tradition of trust

A LEADING FINANCIAL INSTITUTION IN KUWAIT IS LOOKING FOR

CHIEF ECONOMIST

Position:

To head the economics division of the bank, provide senior management with macro-economic analysis and advice on a broad range of issues, developments in regional and local economies.

Also expected to interact with members of the international media and organisations.

Qualifications:

Ph.D in Economics or satisfactory completion of the course work for the Ph.D with specialization in macro-economics, and solid training in computer analysis and statistics.

At least 3-5 years of relevant experience related to the functions of the position is required.

Proficiency in English & Arabic is essential.

At competitive package will be offered to the successful candidate.

Applicant should send their curriculum vitae, copy of their passports and salary and benefit details to:

GENERAL MANAGEMENT
P.O. Box 95 Safat
13001 - KUWAIT
Fax No. (965) 2462469

Head of Marketing - UK

Global Corporate Banking

Attractive Salary & Bank Benefits

Outstanding opportunity to develop and implement marketing strategy for the UK based Global Corporate Banking division of a major banking group.

THE COMPANY

- ◆ International banking group, London HQ. Unique global branch network.
- ◆ Global Corporate Banking - UK operates from London and 6 offices in UK.
- ◆ Dedicated marketing team to support development of this expanding and profitable business.

THE POSITION

- ◆ Establish and manage professional marketing group, supporting corporate banking sales teams.
- ◆ Create and implement marketing strategy, emphasising corporate client research, sales monitoring and public relations.
- ◆ Provide analytical capability to back up business activities and to produce long-term business plans and feasibility studies.

- ◆ Report direct to Head of UK Corporate Banking. Work closely with senior managers and bank's group marketing function.

QUALIFICATIONS

- ◆ Dynamic marketing professional. Eager to lead a first class function.
- ◆ Graduate with marketing qualification. FMCG trained, with experience in consultancy or industry. Financial services experience preferred.
- ◆ Energy, ideas, conviction and vision. Superb interpersonal and communication skills. Strategic thinker. Credible at all levels.

Please write, enclosing full cv, Ref M2446
54 Jermyn Street, London SW1Y 6LX

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associated company



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Bristol 0272 291142 • Glasgow 041 204 4334
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Birmingham 021 233 4656 • Manchester 0625 539953

Phoenix Fund Managers

Manager - Unquoted Investments

Part of the Phoenix Partnership, the highly successful private investment banking partnership based in the City, Phoenix Fund Managers was established in 1991 to invest in development capital, management buy out and recapitalisation opportunities. It manages a £50m fund which is now partially invested in 7 transactions where the average retained investment has been £2m. Phoenix seeks to add an experienced executive to the team, with potential to join the partnership.

THE POSITION

- ◆ Key member of small team aiming to invest funds in high quality, unquoted investments in the UK.
- ◆ Generate, negotiate and close investment transactions. Ongoing role in management, monitoring and realisations. Report to MD.
- ◆ Excellent salary and bonus, with potential to join partnership in due course.

QUALIFICATIONS

- ◆ Graduate, probably professionally qualified, ideally with successful record of unquoted/venture capital investments. Industrial experience valuable.
- ◆ Able to originate and complete transactions, monitor and realise investments. Excellent investment judgement essential.
- ◆ Self starter and team player. Ambitious to attain partnership. Aged 27-35.

Please write, enclosing full cv, Ref LM2451
54 Jermyn Street, London SW1Y 6LX

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Birmingham 021 233 4656 • Manchester 0625 539953

Sydney

With a reputation founded on innovation, service and prudent risk management, this investment bank has an enviable record in the Australian marketplace.

As part of their strategic growth, they seek to appoint an experienced spot trader to their Australian dollar desk. The role will encompass high volume, high profit activity with an investment bank possessing a 24 hour presence in the market.

Candidates will have a minimum of 2-3 years trading experience, ideally gained in the Australian dollar markets. Preference will be given to candidates who can display a track record of success in a high volume dealing environment. In addition, you must possess the drive and ambition that will contribute to the ongoing success of this committed and highly

Excellent Package

profitable team of professionals. Applications are welcome from Australian residents currently based overseas or, alternatively, non-Australians looking to work in Sydney.

Our client is committed to secure the services of an exceptional individual and will sponsor the successful candidate and pay appropriate relocation costs. In addition, a highly attractive performance based remuneration package will be negotiated.

For further information in strict confidence, please telephone Anthony Cook in London on 071-240 1040, or Jon Michel in Sydney on (612) 256 0333. If you prefer, forward a brief résumé quoting reference number 2/1470 to Morgan & Banks Plc, Brettenham House, Lancaster Place, London WC2E 7EN.

Morgan & Banks
INTERNATIONAL

City

This UK based research team is part of one of the largest International Securities houses in the world. Their size and international growth enables the organisation to have a satellite strategic planning unit. There is now a need to recruit several individuals to strengthen the team.

The roles will require the individuals to provide research capability at very senior levels both internally and externally. Projects will be varied with the specific purpose of identifying new business areas worldwide and enhancing interdepartmental liaison.

Business Analyst - 2/1468

A strong academic and economic background is essential and he/she must also be commercial, energetic and flexible. Ideally late 20's to early 30's. Some experience in consultancy, strategic planning or related areas is desirable. Alternatively post graduate studies are acceptable.

Neg + benefits

An additional European language would be an advantage. Excellent analytical, written and communication skills are a prerequisite.

Assistant Analyst - 2/1469

A recent graduate is immediately required to assist with the current workload. A bright commercially minded individual with good economic knowledge and some experience of project writing.

A competitive salary package will be offered, according to experience, including usual banking benefits. Career development prospects are excellent.

Please send your resume to Anthony Cook, quoting reference no. at Morgan & Banks Plc, Brettenham House, Lancaster Place, London WC2E 7EN or if you prefer call on 071-240 1040.

Morgan & Banks
INTERNATIONAL

Providence Capital

Providence Capital is one of the fastest growing financial services groups in the UK. Over the past seven years assets under management have grown ten fold and are now in excess of £1.5 billion.

Providence Capital Portfolio Managers, the investment arm of the group, has a stable, committed team of investment professionals and has delivered superior investment performance for its clients over several years.

We now wish to add to our team an established and successful International Equity Portfolio Manager. You will have managed money with an international brief for a period of at least three years and will have knowledge of several international markets.

PORTFOLIO MANAGEMENT

Each member of our team is self-motivated, energetic, committed to standards of investment excellence and ambitious for top fund performance for our clients. We are offering a competitive base salary, a performance related bonus, company car and other fringe benefits.

To apply for the position please write, enclosing a full CV, to:

Kevin Carter, Group Investment Director
Providence Capital Portfolio Managers Limited
2 Bartley Way, Hook, Basingstoke, Hants RG27 9XA



Committed to your future

MARTIN BIERBAUM DERIVATIVES

The Martin Bierbaum Group now employs more than 800 staff in 10 offices in the world's major financial centres. Following the recent acquisition of 100% of this international money and securities broker by TRIO HOLDINGS PLC, a fully listed Public Company, opportunities are being sought to extend the existing product range, complementing the Group's traditional strength in Foreign Exchange broking, and in particular a global strategy has been implemented for the broking of derivative instruments.

A new dealing room in the London offices has been commissioned and the first brokers recruited for a new team focusing on derivatives, whilst the existing teams in New York, Frankfurt and Hong Kong are being substantially strengthened.

OPPORTUNITIES EXIST to join the new broking team at its outset with the goal of creating a centre of expertise, innovation and excellence in all aspects of monetary derivatives including interest rate swaps, interest rate options, caps, collars, floors and swap options. Successful candidates will need to possess:

* Degree at least II or better, or recognised post-graduate or professional qualification.

* English plus at least one other language.

* Age below 30.

* Relevant banking, dealing or broking experience.

* High motivation, outgoing personality, drive and enthusiasm.

* Computer literacy.

Please contact in strictest confidence:

David Hagan, Executive Chairman, TRIO HOLDINGS PLC 4 Deans Court, London EC4V 5AA
(071-489 8033)

BANK OF GHANA VACANCIES

The Bank of Ghana based in Accra, Ghana is the Central Bank of the Republic of Ghana. The Bank is currently undergoing institutional strengthening to enable it to perform efficiently its core Central Bank functions in a liberalised environment through financial and organisational restructuring.

In this regard external financing facility has been raised to enable the Bank to fill vacant positions for which applications are sought.

1 MONETARY ECONOMIST

Well versed in monetary policy analysis and the financial markets, the appointee will be required to undertake the following:

- Review the Bank's Open Market Operations framework and advise on further measures to enhance its effectiveness including the development of new market instruments.
- Undertake together with existing staff relevant studies to improve the conduct of monetary policy and the orderly development of the financial markets in Ghana.

REQUIREMENTS:

- Relevant PhD or Master's Degree together with familiarity in the use of IT tools.
- Proven high-level professional experience.

2 ACCOUNTING SPECIALIST

The bank has taken the major step of integrating all accounting functions previously scattered among the various operational centres. The objective is to maintain an efficient accounting system to ensure that all transactions are recorded in the proper books of accounts and that these portray a true and fair view of the end of period results of the bank's operations and also of its financial position at any point in time. Other ancillary measures taken include the development of a new Chart of Accounts for easy identification of transactions belonging to broad groupings of bank accounts headings.

The bank now requires the services of an Accounting Specialist for the following tasks:

- Review of accounting system of the bank to assess its efficacy for the attainment of the stated objectives.
- Design and install an appropriate accounting system for central bank application.
- Design and install a chart of accounts for easy identification of transactions and facilitate report preparation, particularly as regards transactions on Government accounts.
- Design and install an effective budgetary control system to meet monitoring and reporting needs.
- Redefine roles in the finance function to eliminate overlaps and gaps in responsibility without impairing efficiency.
- Review the Reconciliation function and implement measures that will promote the speedy elimination of discrepancies.
- Design and install an efficient payroll system.
- Establish an efficient data-base and back-up to the accounting system.
- Design a system for the maintenance and management of source input documents such as vouchers, cheques etc.

REQUIREMENTS:

- Internationally recognised professional qualification in Accountancy.
- A minimum of ten (10) years post qualification experience in a Top Management position in a Central Bank with specific responsibility for accounting functions.
- High level professional experience in IT design and central bank accounting software applications.
- Rich experience in Financial Accounting, Management Accounting and Finance.

Duration: Not exceeding 6 months.

3 I.T. SPECIALIST

An Information Technology Plan (ITP) has been developed for the bank to be fully implemented over a period of three years, and the bank requires the services of an I.T. Specialist for the following aspects:

- A) To review the work done by the local consultant on Computerisation Programme in the bank especially the software engineering and the hardware technical architecture.
- B) To assist in determining and analysing workloads, volumes and mode of use of machines so as to establish the power of requisite equipment.

- B) To assist in developing technical specifications for Tender documents as well as evaluation criteria.
- M) To assist in defining the pre-implementation tasks especially the development of technical specifications of the application systems identified in the I.T. Programme.
- V) To assist in the implementation of the Mainframe - PC linkages.

- 2) To review user and functional requirements and in identifying critical areas not currently covered in the ITP but which may be needed in the future.
- B) To develop new procedures, controls and security measures to streamline processing of Banking Operations and of new information systems.

PROFESSIONAL BACKGROUND:

To be able to perform Duties listed as A) to AM, the Consultant must be an I.T. Specialist with wide experience and expertise in software engineering. Extensive experience in the design, installation and testing of Wide Area Networks, Mainframe and PC connectivity and Network Integration.

The Consultant must have extensive experience in senior management position in a Central Bank or must have undertaken extensive consulting assignments in central banking and also have knowledge of automation and functional procedures in central banking operations environment. This is particularly required in performing Duties B) to (G).

SERVICES DELIVERY PERIOD:

Services are required during three of a six stage (task) plan period:

STAGES 1&2: 3 MONTHS

For performing tasks relating to Duties A), AM, B), B).

THIS IS REQUIRED IMMEDIATELY.

STAGE 3: 3 MONTHS

For performing tasks identified under Duties A), AM, B), B), Required during Hardware/Software procurement phase.

STAGE 4: 4 MONTHS

For task item A) and post implementation reviews. Required during implementation phase.

Duration: Should not exceed maximum of ten non-monthly (10 months) consultancy services.

4 FOREIGN EXCHANGE SPECIALIST

A liberalised macro-economic environment has been established in Ghana under Structural Adjustment programmes dating back to 1986. The exchange and payments system of Ghana have accordingly been freed from controls and Ghana is proceeding to Article VII status in the IMF.

A modernised foreign exchange trading and reserve management function is being established in the bank and the services of a Foreign Exchange Specialist is required for the following:

- To develop the foreign exchange management function by defining optimum portfolio diversification and liquidity.
- To establish counter-parties for tailored deals.
- To institute performance evaluation system.
- To identify training needs of staff and recommend training strategies.
- To review the interbank market for foreign exchange in Ghana and suggest measures for the achievement of resilience in the market including forward market operations etc.

REQUIREMENTS:

High level professional experience in foreign exchange and the financial markets.

Duration: 3 months

REMUNERATION:

Remuneration for all positions (including passage) payable in foreign currency; attractive and negotiable.

Preferred ages 35+. Applications should reach the Bank not later than 30 July, 1993, and are to be addressed to:

THE SECRETARY, BANK OF GHANA, P.O. 2674, ACCRA, GHANA
Telex 2032 GH, Telephone 233-21-66236 / 233-21-66641

Handwritten note: 54 Jermyn Street

McKinsey & Company

What can McKinsey offer a high-flying ACA?

As an outstanding performer with a leading accountancy firm or blue-chip business, you will naturally have high career aspirations - and you may also be keen to broaden your experience. If so, management consulting at McKinsey can offer you both diversity and intellectual stimulus - as well as access to top decision-makers. At the same time, it will provide high-level participation in key financial and general management issues.

We continue to recruit high-calibre people from a variety of disciplines in order to provide our clients with the fullest range of expertise, and

exceptional ACAs already thrive in our demanding multi-disciplinary environment. We are now looking for a number of individuals who combine an excellent academic record (2.1 or better and consistent first-time passes) with between 3 and 7 years' impressive post-qualification experience. Significant exposure to areas other than mainstream audit - such as commercially-focused special assignments - is a prime requirement.

As one of the world's leading management consultancies, we can offer you the opportunity to work with the top management of major corporations

on issues of strategy and organisation designed to effect substantial improvements in performance. Such experience, gained within an organisation committed to excellence, will serve to accelerate your personal development - whether you intend to rise within McKinsey, or ultimately move into general management.

Whilst these opportunities are based in London, client engagements are undertaken throughout the UK, and there may also be opportunities to work overseas. First-class salaries are complemented by an extensive range of benefits including company car and relocation assistance if appropriate.

We are also interested to hear from any non-ACAs who have gained comparable high-profile experience in corporate finance or securities and investment regulation.

To apply, please send your detailed cv to Ms Sarah Webb, Recruitment Manager, McKinsey & Company, 74 St James's Street, London SW1A 1PS, to arrive no later than Friday 16th July 1993, quoting ref: CA/FT/93.

INTERNATIONAL CONSULTING FIRM SEEKS ASSIGNMENT TO UKRAINE AND RUSSIA PROFESSIONAL BANK CONSULTANTS IN:

- Audit
- Information Systems
- Back office
- Risk management
- Cash management
- Branch management

Minimum period 3 months to one year. Accommodation provided.

Previous experience in Eastern Europe or former East Germany will be appreciated.

Knowledge of Russian a plus.

Please send your C.V. and photo to: Box B1560, Financial Times, One Southwark Bridge, London SE1 9HL

The London Branch of a major European Bank requires a

CREDIT ANALYST

Salary £18,000 - £21,000 p.a. plus benefits

Minimum 2 years experience.

Knowledge of Lotus 123/Windows useful but not essential.

CV's should be sent to: Box B1569, Financial Times, One Southwark Bridge, London SE1 9HL

Midland Global Markets
Head of Compliance

City

The recent formation of Midland Global Markets brings together the highly successful treasury and capital markets operations of Midland Bank and Hongkong Bank in London, New York and Tokyo.

The merger of activities has created the need for an accomplished compliance professional to join in the new position of Head of Compliance, Midland Global Markets.

Reporting to the Treasurer, Global Markets and the Midland Bank Compliance Director, the appointee will have direct responsibility for managing the compliance function in London, New York and Tokyo, ensuring global co-ordination. He/she will work closely with line management in the three centres, providing a high quality advisory service in respect of new and existing regulations.

Substantial Package

Candidates for this challenging new role should be qualified professionals with a minimum of five years' compliance experience in the treasury and capital markets areas. Detailed knowledge of the regulatory requirements of the Bank of England, SIB, SFA, the Stock Exchange, LIFFE, the SEC and other international regulators is essential, as is familiarity with relevant products and services.

In addition to good interpersonal and communication skills, important personal attributes will include excellent analytical ability and a constructive approach to problem-solving.

The competitive remuneration package includes the full range of banking benefits.

Please send a detailed CV to GKRS at the address below, quoting reference number 200J and including details of current remuneration and availability.



SEARCH & SELECTION

CLAREBELL HOUSE, 6 CORK STREET, LONDON W1X 1PB, TELEPHONE: 071 287 2820
A GKRS Group Company

Gas Marketing Manager

AUSTRALIA

The Broken Hill Proprietary Company is an Australian multinational resource company. BHP Petroleum is a wholly owned subsidiary of BHP and is expanding its exploration, production and refining business worldwide. In particular it is developing and expanding its natural gas business and associated products in Australia.

This is an opportunity to join the Company in a key position which will have a significant impact on our profitability in the next decade. BHP Petroleum is one of Australia's largest producers of natural gas and associated products, total sales being in excess of \$530 million.

As the Manager, Southern and Eastern Gas Businesses, you will be responsible for significant leadership in the marketing and effective commercialisation of existing and future gas resources in South Australia, Victoria, Tasmania, New South Wales and Queensland. You will report to the General Manager, Bass Strait and Natural Gas in the Australia Division and will be located in our Melbourne Office. The Division is presently deploying quality initiatives as a central thrust of its objective of achieving significant shareholder value growth.

You are an experienced gas marketer with a proven record of developing profitable businesses: a creative and independent strategic thinker and a performance focused leader with negotiating skills of the highest order.

You will be required to improve the future profitability of the Division by enhancing the value of existing contracts and developing new and existing markets. Additionally, you will manage key business development strategies, and lead your team in negotiations with governments, joint venture partners, gas and electricity utilities, industrial consumers and internal BHP customers. You will also have the ability to lead and to participate effectively in multi-functional cross department teams with a high degree of customer focus.

You will have an honours degree in commerce, law or a technical area with a minimum of 15 years' business experience. At least 10 years should have been in the oil and gas industry including direct responsibilities in initiating, negotiating and implementing the commercialisation of gas resources and business development; preferably including negotiating with governments to shape the industry. Experience in power generation and combined heat and power would be valuable.

We are an equal opportunity employer and have a non-smoking work environment.

Written applications should contain full particulars including qualifications, experience and telephone numbers (business and private for easy contact), be marked 'Confidential' and addressed to the Company Recruitment Adviser:

Alasdair Graham Associates
97 Ayr Road, Newson Mearns, Glasgow G77 6RA.
Fax: 041-639 2918.



BHP
Petroleum



U S INVESTMENT BANK

City

As part of its commitment to an expanded role in International markets, the London office of a major US investment bank is seeking experienced Swap, Latin American Debt Trading and Capital Markets Origination professionals to join the Syndicate-Capital Markets Group. This highly skilled team specialises in the origination and syndication of international debt and equity products for an institutional client base.

Swaps

£45k + Substantial Package

The successful applicant will assist in the structuring and transacting of currency and interest rate swaps based on a thorough technical background in Swaps, and is expected to make a significant intellectual contribution to this creative and highly motivated team. There will also be opportunities to become involved in sophisticated multi-currency bond issues and to maintain marketing contact with a number of European institutional borrowers.

The ideal candidate, aged 24-28, will have a strong academic background with a good first degree and/or finance MBA, combined with at least 2 years' specific Swaps experience. Maturity, enthusiasm and independence of mind should be combined with an astute analytical approach. This confident and articulate individual will have excellent presentation and interpersonal skills.

Capital Markets Origination Mexico

To form part of global emerging markets operation. The successful candidate will have relevant experience gained at a senior level in the financing of Mexican companies in the international markets. Fluency in English and Spanish is a prerequisite.

The ideal candidate, aged 28-34 will possess a good first degree in finance or economics combined with at least 2 years experience in the relevant field.

For each position the remuneration package will comprise an attractive base salary, significant performance-related bonus and other benefits.

Substantial Package

Latin American Debt Trading

An opening exists for an experienced trader of Latin American Eurobonds and Money-market products. The successful candidate will have substantial experience in the relevant field, probably gained at a global investment banking institution.

The ideal candidate, aged 26-32, will possess a good first degree in finance or economics. Fluency in Spanish and/or Portuguese, while not essential, would be an advantage.

The investment bank is an equal opportunities employer.

Applicants should send a comprehensive CV to Box B1570, Financial Times, One Southwark Bridge, London SE1 9HL

SENIOR CREDIT ANALYST
MANCHESTER

Salary to £25,000 + Banking Benefits

An exciting opportunity to join one of Europe's foremost Banking Groups in a role of key importance.

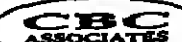
The Position

- A member of the Corporate Banking Team with responsibility for analysing and evaluating complex financial information and preparing and presenting credit applications
- Providing reasoned recommendations on the pricing and structuring of new facilities for major corporates.
- Monitoring a large portfolio of corporate relationships to ensure that financial analysis and credit reviews are conducted within specified timescales.

The Profile

- Highly numerate with a minimum of four years corporate credit experience preferably gained with a City based International Bank.
- A thorough understanding of trade finance and treasury products and their impact upon credit and risk management.
- A team player with the ability to communicate effectively at all levels.
- Preferably a graduate and ACIB qualified.

Please write enclosing full CV to Nigel Blakey, ACIB, CBC Associates, Chapel House, Borough Road, Altrincham, Cheshire, WA13 9BA or telephone 061 926 9279 to 9pm. Fax 061 929 9017.



Offices in Manchester and London

Banco Español importante establecido en Londres hace varios años como sucursal, desea nombrar

JEFE DE OPERACIONES

Estamos buscando persona con experiencia en puesto similar, que será responsable de la administración, contabilidad y control de las operaciones de la sucursal. Es esencial el conocimiento profundo del castellano. Se ofrecen condiciones atractivas.

Enviar curriculum vitae al Box 1568, Financial Times, One Southwark Bridge, London SE1 9HL

CITY UNDERWRITER
£35,000 aae

Our client a member of a world wide group of companies is currently looking to recruit someone from a banking or corporate treasury background. The successful candidate will possess an outgoing personality and an ability to deal directly with high level personnel. A full understanding of guarantees and performance bonds alongside an ability to interpret and understand financial statements is essential. Commercial knowledge of the property/construction sector a distinct advantage. Interviews immediately.

Please call Patricia Macdonald now on 071-588 9115 or Fax her on 071-638 2729

Can you capitalise on your Overseas experience?

Aged 28-48, an accomplished high achiever, probably with some sales experience, you're aiming for a long term career with good promotion prospects. Here at Meyado we provide you with comprehensive training and support to enable you to be successful as one of our International Financial Consultants in Frankfurt, Hamburg or Munich.

Meyado's clients are expatriate men and women like you. They rely upon their personal consultants to manage their finances effectively. That's why we take great care in both the selection and the training of our consultants. Do you have the commitment and the ambition to build an exciting new career with us, and be stimulated by the demands as well as the benefits of a serious results orientated package? Then send a full curriculum vitae with a covering letter, telephone number and a photograph to:

Martha E. Young
Meyado International Ltd
Westend Str 19, 60325 Frankfurt (A.M.) Germany
Interviews can be arranged in Frankfurt.

FUND MANAGEMENT
COLLABORATION IN INDIA

An Indian corporation, in strategic affiliation with one of the world's largest fund management organisations, seeks a qualified professional experienced in equity research or fund marketing to head its new Indian asset management project. Please contact Daljit Chima on Telephone 071-494 0408 or Fax 071-494 0814

ALLIED PROVINCIAL
SECURITIES LIMITED

A Member of The Securities and Futures Authority and The London Stock Exchange.

RESEARCH ANALYST
Birmingham

Allied Provincial was formed in 1986 by the merger of 8 regional Stockbrokers. Our strength is in personal contact and through our national network and local roots we offer a service that rivals any of the country's leading Stockbrokers. As niche players and one of the most active in the smaller company sector, Allied Provincial have extensive experience in fund raising and bringing companies to the Stock Market.

Due to the continued success of our Birmingham operation we are now looking to recruit an experienced Research Analyst for our highly skilled Corporate Services/Institutional teams. As a key member you will provide support on fund raising activities and aftercare for our smaller companies in addition to general research in the sector.

Aged under 40 years you should already have a proven track record in small company research for a major Stockbroking firm. This opportunity represents a real career move for those seeking to progress to Associate Director in the short term. Salary is fully negotiable and includes generous benefits. In addition, assistance with relocation is available where necessary.

If you would like to know more, please contact our Recruitment Advisers, Sue Pedley or Ian MacGregor, in complete confidence at:

PEDLEY & MACGREGOR

Berwick House, Livery Street, Birmingham B3 2PB
Tel: 021-200-5995 Fax: 021-200-5775

Fund Manager UK Equities

As a result of the continuing growth of funds under management, an exceptional career opportunity has arisen for a young UK equities investment professional to join the International division of Morgan Grenfell Asset Management. The position offers immediate fund management responsibility for the UK investments of a number of international portfolios as well as involvement in client reporting for global and European mandates. In common with other fund managers, the incumbent will have research responsibility for a UK sector.

The appointment is likely to appeal to graduates with 2-3 years' experience in

UK equity research who are now ready to assume fund management responsibility and who are keen to gain wider international exposure. Candidates must have gained a thorough grounding in fundamental analysis and possess well-developed communication skills.

An attractive salary and benefits package is offered together with excellent career development opportunities. If you would like to be considered, please write in confidence to: IMR Recruitment Consultants, No. 1 Northumberland Avenue, Trafalgar Square, London WC2N 5BW (Tel: 071-872 5447).



INVESTMENT MANAGEMENT RESOURCES

Schroders International Finance Division

Schroders, a major international banking group, is seeking to recruit staff at manager and executive level to join its newly created International Finance Division.

Successful applicants will play a key role in developing Schroders international capital markets, privatisation, and project finance activities. A numerate graduate with an excellent academic record, you are likely to be in your mid-20s to mid-30s, with either experience in one of the areas outlined above in another financial institution or within a major law or accounting firm, or 2-6 years experience of financial analysis with an industrial company or consultancy. Fluency in one or more major foreign languages is highly desirable. Software experience, including the use of Excel and/or Lotus 123 is essential. Direct contact with clients will be an important part of the role and, given the cross-border focus of much of the work, you will be expected to travel both within Europe and elsewhere and be prepared to relocate abroad at short notice for substantial periods.

A fully competitive salary is offered, together with an attractive range of banking benefits.

Applications, including a full CV, should be sent, by 9 July 1993, to Rachel Harry, Personnel Executive, J. Henry Schroder Wagg & Co. Limited, 120 Cheapside, London EC2V 6DS.



ACCOUNT RELATIONSHIP MANAGER NON-BANK FINANCIAL INSTITUTIONS, LONDON

Attractive salary and benefits package (negotiable)

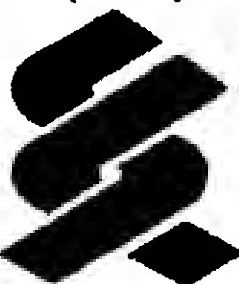
The Standard Chartered Group, which is represented in over 50 countries with particular strengths in Asia and Africa is looking for a Manager to spearhead its drive into the Non-Bank Financial Institutions market (NBFI).

The role covers all aspects of the Group's global relationships with UK-based fund managers. Key to the success of this role will be an understanding of the needs of the NBFI market and the ability to identify the products to meet them. A sound understanding of the full range of Treasury products, including

derivatives, is therefore essential.

Based in London and reporting to the Regional Head of Financial Institutions, UK/Europe, this manager will communicate at senior levels both internally and externally.

If you have a record of success in developing business with the NBFI market and have good credit skills in this sector, please write to: Bob Mole, Group Human Resources, Standard Chartered Bank, 1 Aldermanbury Square, London EC2V 7SB enclosing full career details.



Standard Chartered

INTERNATIONAL FIXED INCOME FUND MANAGER

Key role in the fast growing
London investment office of a global
financial institution.

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Applicants should have a proven track record of 8 to 10 years in the Sales and marketing functions in the service industry and should currently be occupying senior managerial positions. Thorough knowledge of the transportation business as well as exposure to international markets will be essential to success. Excellent communication, interpersonal and leadership skills are also pre-requisites. The preferred age is between 35 and 40 years.

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Giving full details of age, qualifications, experience and salaries drawn along with a recent passport size photograph and contact telephone numbers. All applications and envelopes should be marked with the reference number "MS/9175/HT".

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The University is an Equal Opportunity employer and welcomes applications from all sections of the community. The University reserves the right to interview only those applicants who appear, from the information available, to be the most suitable in terms of experience, qualifications and other requirements of the post.

Elusive harmony Emmanuel Emenyonu and Sidney Gray assess 20 years of progress towards global standards

As the International Accounting Standards Committee celebrates its 20th anniversary this week, it is an appropriate time to consider how much progress has been made towards achieving the objective of promoting international accounting harmonisation.

Shortly after its creation in 1973, the IASC predicted in a progress report: "Provided that the initial enthusiasm and thrust with which the IASC was started is continued, its impact in the years to come will be important. It will take perhaps five to 10 years before its full effects are recognised, but after that they will increase each year. Accounts issued in every important nation of the world will comply with the standards promulgated by the IASC or will disclose the extent to which there has been non-compliance." In retrospect, this may seem to have been an optimistic prediction. In practice IASC standards have often been flexible. They have also been difficult to enforce given its lack of influence in many countries where professional accounting organisations are permitted only a relatively minor role in standard setting.

Any progress in international accounting harmonisation, or lack of it, is of course

not just the responsibility of the IASC. Many other agencies are involved, including the United Nations and the Organisation for Economic Co-operation and Development, and the European Community. But the IASC is perhaps the only organisation to claim prime responsibility for promoting international accounting harmonisation around the world.

How much progress has the IASC made? What have been the successes and what are the remaining problems? Some insights into these questions can be gained from the results of our recently completed survey of five countries - France, Germany, Japan, the UK and the USA - covering 26 accounting measurement issues over the period 1971/72 to 1991/92. The aim was to assess progress in the last 20 years.

The sample covered 293 large listed companies reporting in both 1971/72 and 1991/92. The breakdown was: 25 from France, 42 from Germany, 54 from Japan, 82 from the UK and 96 from the USA. Given the size and significance of these companies and the importance of the countries involved, which are among the largest economies and stock markets around the world, it would seem reasonable to

expect that the impact of efforts to harmonise accounting internationally would be clearly discernible. Indeed, this is the kindest sample to choose, since a much tougher test of harmonisation would be to look at all member states of the IASC and to include both large and small companies, listed and unlisted.

We examined the annual reports in the sample published during 1971-72 and 1991-92 and highlighted a total of 26 accounting measurement issues. A "harmony index" was constructed for each measure, to assess the extent of international harmonisation. This index provides a range of values from zero for extreme diversity to one for an absolute uniformity of accounting methods.

Its calculation uses a variant of the Herfindahl index, a measure of concentration which has previously been used to study harmonisation. It is derived by multiplying the relative frequency of use of a particular accounting method across the countries and adding the results for all alternative methods. A summary of our findings in the table shows that progress towards harmonisation over the last 20 years has been mixed. Taken overall, it has been quite modest, with an increase in the average har-

INTERNATIONAL ACCOUNTING HARMONISATION: 1971/72-1991/92			
Index	1971-72	1992-93	% change
Consolidation method	0.0863	0.9259	882.5
Investments in Associates	0.7784	0.9576	20.4
Treatment of goodwill	0.8965	0.9441	5.3
Rate for translating income statement of subsidiaries	0.6417	0.7039	9.9
Treatment of Translation differences	0.5377	0.5063	-5.8
Treatment of Exchange differences	0.2352	0.5196	220.2
Method used to assign cost to inventories	0.3853	0.2625	-26.7
Measurement basis for recording inventories	0.6781	0.7564	11.5
Definition of market value	0.6184	0.6950	12.4
Cost basis for recording property, plant, equipment	0.7629	0.7906	3.6
Gains/losses on disposal of property, plant, equipment	0.7050	0.9777	37.8
Method of accounting for depreciation	0.3294	0.2295	-30.3
Method of valuing long-term investments	0.9471	0.6088	-35.1
Gains/losses on disposal of long-term investments	0.5803	0.9899	85.9
Method of valuing current investments	0.5731	0.7662	33.7
Gains/losses on disposal of current investments	0.9999	0.9914	-0.8
Method of accounting for borrowing costs	0.9426	0.3643	-61.2
Basis for providing for deferred taxes	0.7732	0.2321	-70.0
Method of treating deferred taxes	0.4006	0.3953	-1.3
Accounting for extraordinary and exceptional items	0.9401	0.9959	5.8
Treatment of research expenditures	0.3992	0.9465	138.5
Treatment of development expenditures	0.4125	0.9098	119.5
Determination of the cost of pensions	0.9824	0.4882	-48.7
Treatment of past service costs/experience adjustments	0.9439	0.8501	-9.9
Method of accounting for long-term contracts	0.8670	0.5833	-32.8
Method of treating government grants	0.7300	0.6300	-16.0
Average Harmony Index Score	0.6230	0.6903	10.8

mony index score from a moderate level of 0.6230 to only 0.6903. This is an average increase in international accounting harmonisation of only 10.8 per cent from 1971-72 to 1991-92.

There were only 14 issues showing an increase in harmonisation. In 12 cases there was in fact a reduction in harmonisation or a higher level of accounting diversity. There are significant increases in treatment of consolidation, exchange differences, the treatment of gains/losses on long-term investments, and the treatment of research and development expenditures.

It is also noteworthy that there is a relatively high level of harmonisation in respect of investments in associates, the treatment of gains/losses on the disposal of property, plant and equipment, the treatment of gains and losses on the disposal of current investments, and accounting for extraordinary and exceptional items.

Significant decreases include the treatment of goodwill, the costing of inventories, the method of depreciation, the valuation of long-term investments, the treatment of borrowing costs, the basis for providing for deferred taxes and

the method of determining the cost of pensions. There is a relatively low level of harmonisation in respect of the costing of inventories, accounting for depreciation, and the basis for providing for deferred taxes.

Despite 20 years of effort, clearly there are substantial continuing problems facing those promoting international accounting harmonisation.

Emmanuel Emenyonu is a researcher at the Centre for International Finance and Accounting, University of Glasgow; Sidney Gray is professor of international business at the Warwick Business School.



The Chartered Association of Certified Accountants

Director, Finance and Administration London c£50,000 plus Benefits

The Association is a leading international professional accountancy organisation with 130,000 members and students in 130 countries. The core 'business' of the Association is as a professional, regulatory and examining body. It is also a provider, with a growing reputation, of education and training and of published materials, including distance learning materials. The Association is providing valuable consultancy expertise to foster the emerging accountancy professions in Eastern Europe and China.

Following the appointment of a new Chief Executive, Anthea Rose, a number of far-reaching changes are in progress and a three year business plan 'Strategy into Action' has been approved.

A Director, Finance and Administration, is now sought to lead the projects designed to improve the Association's infrastructure and to play a vital part in helping it become a quality organisation. The successful applicant will be a qualified accountant with:

- an outstanding record of achievement as an accountant in the public sector, in business or in professional practice,
- proven success in developing and implementing computerised accounting systems,
- broad administrative experience which should include responsibility for premises, personnel and service quality,
- stature, confidence and well developed management and interpersonal skills.

The salary and benefits package is competitive and there is the opportunity to play a key role in the Association's drive to become the pre-eminent international professional accountancy body.

Those interested in being considered for this appointment should write to John Gregory, Breckenridge Consultants Limited, Search and Selection Division, Charter House, 426 Avelbury Boulevard, Central Milton Keynes, MK9 2HS, quoting 189/FT clearly demonstrating how they meet our client's requirements. Closing date for applications, 17 July 1993.

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QUALIFICATIONS

- Intelligent, pro-active, aged mid-thirties.
- Wide experience of financial controls and disciplines gained with a successful profit orientated organisation that is sales/marketing driven.
- "Hands-on" manager, highly motivated with strong leadership, communication and people management skills.
- Confident personality and looking to develop your career further in a fast moving commercial environment.

If you are interested, please send your CV, in confidence, quoting reference number 3010, to S. W. J. Adamson FCA, Adamson & Partners Ltd, 10 Lisbon Square, Leeds LS1 4LY. Telephone 0532 451212. Fax 0532 420802.

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For this appointment we are seeking a highly professional graduate qualified accountant, most likely aged 35-45, with extensive financial management experience gained, in part, in a senior role within a well-established international organisation. Experience in a Merchant or Investment banking environment is most desirable. You will have excellent technical and communication skills and be able to command respect of senior financial, as well as non-financial management.

For a confidential discussion or to apply, call Neil Wax or Lucy Ayton on 071-387 5400 (evenings 0923 819298/071-727 3564) or write/fax your CV to Financial Selection Services, Drayton House, Gordon Street, London WC1H 0AN. (Fax: 071-383 0857).

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- Taxation
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You should have strong technical, analytical and organisational skills, a "hands-on" approach, and the wish to succeed in a demanding and developing environment.

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If you can meet this challenge, then telephone or write to Jeremy Williams, quoting Ref: JW/11 1077.

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Interested candidates should write to Tim Knight, enclosing full career and salary details, quoting reference 8214/2.

KPMG Selection & Search
1-2 Dorset Rise, Blackfriars, London EC4Y 8AE

Finance Manager

International Information Services Group
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participate in budgeting and working capital and balance sheet management. Involvement in financial planning and assessment of special regional projects, including new business proposals, necessitating presentation to the board and key managers, will also form part of the responsibilities of the role. Occasional travel is required.

Candidates, in their early to mid 30's, should be degree holders, preferably educated overseas, and qualified accountants. Working experience should include several years progressive and diverse financial experience in a multinational commercial or financial services environment together with excellent hands-on experience of financial reporting on an international basis. Exceptional and innovative PC skills are also important and a good understanding of financial management issues such as transfer pricing and arranging banking and finance matters is useful. Outstanding

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Please apply in writing to:
Stephen Williams or Ben Colman, CEDAR International,
15 Bloomsbury Square, London WC1A 2LJ.

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BUSINESS
BREAKFAST

If you wish to attend the Free Business Breakfast please write stating your company name and job title to:-

Rachelle Nelson at Robert Half
Walton House, 418 The Strand
London WC2R 0PT

ROBERT HALF
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THE HUMAN FACTOR

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

LEADERSHIP & MOTIVATION

on Wednesday 21st July 1993 at The London Marriott Hotel,
Grosvenor Square, London W1
8.15am to 9.30am

Every manager aspires to be an outstanding leader. Why? Because people work for a manager or boss, but they do their best for a leader. There is a ready-made audience that ten well-led people will easily outperform thirty who are badly led. As a result over the years there has been considerable investment in training for leadership.

The most effective and enduring of all approaches has been Action-Centred Leadership (ACL), which identifies three sets of actions - namely: 1) Achieve the Task, 2) Build the Team and 3) Develop Individuals - which every effective leader must take and subsequently sustain in a sense of humour. Dr Julian Feinstein, the head of Leadership Training at Leadership Development Limited (LDL), takes the elegant and easily comprehensible approach one stage further and discusses how the ACL model can and should be used as a decision making model to deal with business situations.

However, an appreciation of the functions of leadership is not enough if Directors and Managers are to motivate and inspire in the time available. Dr Feinstein identifies two further key points which leaders might incorporate into their repertoire of responses and which in turn will assist them to acquire

leadership characteristics which are much admired but too seldom understood. LDL will very soon be celebrating its 20th anniversary as a major provider of training and consultancy services to the UK market place. Specialising in professional selling and negotiating skills, leadership and personal development, LDL has always placed strong emphasis on providing not only state-of-the-art skills and ideas to its international client base but also the drive, determination and motivation required to put the skills into practice.

Dr Feinstein, a Director of LDL, has for over fifteen years explored every avenue associated with leadership. In particular, he has focused on how leadership skills might best be conveyed to business professionals. For the past ten years he has been with LDL, where, besides his innovative work on leadership, he has pioneered sales training for professional people and found his public speaking skills in constant demand.

In a more personal capacity, Dr Feinstein has been keenly involved in the sporting world, where he serves as President of a thriving sports federation.

Places at the Breakfast are strictly limited.

فلا آمنه لا يصدق

whiteheadselection

Chief Internal Auditor

Develop your career with a blue chip financial services business
Southern Home Counties

To £50,000 + bonus + share options + car

This is one of the top names in the financial services sector. Internal promotion has resulted in this opportunity to head up a department that is regarded as one of the best in the industry. The role carries responsibility for financial and computer audit throughout the Group, and offers excellent prospects for progression.

Reporting to the Group Finance Director, you will be responsible for managing a team of highly qualified and motivated staff. Enjoying considerable autonomy, you will work closely with the business units, adding value by making commercial recommendations and continuing to develop the function and its role as a source of financial management for the Group.

A qualified accountant, probably aged 35-40, you will have had experience managing an audit function, either within professional practice or a large corporate. Experience in financial services is not essential. The ability to promote the function to the business units is vital, and will require strong influencing skills, commercial awareness and sound management ability.

Please write with CV, quoting reference 2166, to Susan Ryder, Whitehead Selection Ltd., Blagrove House, Blagrove Street, Reading RG1 1QA. Telephone 0734 585158
A Whitehead Mann Group PLC company.

whiteheadselection

whiteheadselection

Company Secretary/Head of Legal

Northern Home Counties

c. £65,000 + bonus + benefits

The company is a highly profitable, international business generating sales in excess of £150m to major organisations across a range of market sectors. A well-known leader in its field, its competitive edge is increasingly built around customer service excellence and it intends to seek a Stock Exchange listing within the next two years.

The appointment of a high-calibre Company Secretary/Head of Legal Department is an essential part of the company's continued development. You will report to the Finance Director and be supported by a small team including qualified lawyers. In addition to the normal legal/secretarial responsibilities, important elements of this varied role will be management of the commercial contracts function and substantial involvement in the company's planned flotation.

Candidates are likely to be graduates with a legal qualification followed by several years' commercial experience gained in a large, international business. ICSA membership would be advantageous. The position calls for an ambitious, positive-minded individual capable of developing a team and achieving rapid credibility at a senior level.

Please write enclosing a full CV, quoting reference 625B, to Nigel Bates, Whitehead Selection Ltd, 43 Welbeck Street, London W1M 7HF.

A Whitehead Mann Group PLC company.

whiteheadselection

HOME COUNTIES

c £55,000 + BONUS

Finance Director

This extremely challenging position is with the UK subsidiary of a major international beauty products manufacturer with a turnover currently approaching £100m.

Working closely with the Managing Director, you will have a broad commercial role which encompasses finance, information technology and logistics. An obvious priority will be to manage and strengthen overall financial control and reporting, to accommodate considerably increased business activity.

A qualified accountant, you will have experience of heading up the finance function in a substantial business. This will ideally have been part of a brand-led international fmccg manufacturer renowned for tight

control and detailed reporting. Experience of acquisitions will be helpful. You must be strong in all commercial matters, whilst being at the same time a team player and motivator.

This is a high profile, career position with a leader in a buoyant sector and as such is an exceptional opportunity.

Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence to Adrian Edgell, Coopers & Lybrand Executive Resourcing Limited, 9 Greyfriars Road, Reading RG1 1JG, quoting reference AE878 on both envelope and letter.

Coopers & Lybrand Executive Resourcing

PLYMOUTH

c £35,000 + CAR

Systems and Administration Controller

The Plymouth and South Devon Co-Operative Society is a successful independent co-operative with a turnover of around £200 million. This position is with the Food Division which accounts for three quarters of turnover. Activities include retailing via Superstores, Supermarkets, Late Shops and Smaller Food Stores and manufacturing dairy products.

Your prime task will be to manage all aspects of the Food Division's systems and the service provided by Data Processing plus the Division's administration and accounting functions. A major new implementation of systems covering warehousing, buying and marketing has just been completed and there is ongoing rolling-out of EPOS to retail outlets. Management responsibility is for 45 people.

An accountant, you will now be equally skilled as a project manager in information technology. Any

experience in retailing will be a significant advantage. You must have experience of leading a large department, have particular strengths in management accounting and be used to managing data processing service levels. It is a role demanding breadth, strong interpersonal and communication skills and the ability to be an effective part of the Division's senior management team.

Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence, to Coopers & Lybrand Executive Resourcing Limited, 43 Temple Row, Birmingham B2 5JT, quoting reference D458 on both envelope and letter.

Coopers & Lybrand Executive Resourcing

REED ELSEVIER TAXATION MANAGER

LONDON BASED

Reed Elsevier plc heads one of the world's largest publishing and information groups. Created at the start of 1993 by a major cross-border merger of the operating businesses owned by Reed International P.L.C. and Elsevier NV, the activities of the new Anglo-Dutch group include scientific, professional, business to business and consumer publishing. The group is well established in the USA, UK, The Netherlands

and Australia and is expanding in continental Europe and Asia.

Due to the continued development of the businesses, the group is recruiting for a key position within the Taxation Department at the Corporate Offices in Mayfair. Reporting to the Head of Taxation, the new Taxation Manager will have direct responsibility for the tax affairs of specific areas of the group's operations. Activities will include re-organisations,

acquisitions, tax planning in both the UK and overseas, and review of compliance and reporting.

The successful candidate is likely to be:

- An accountant with at least 2 years' post qualification experience of managing and solving complex tax issues.
- An excellent communicator with the confidence to deal with senior management.

EXCELLENT SALARY + BENEFITS

- A Tax Manager currently within the profession or a Tax Adviser working within an international business environment.

Interested applicants should contact Graham King or David Burton at the International Tax Division on 071-379 3333 (evening weekends on 071-226 4557); fax: 071-915 8714 or write to them enclosing a detailed CV at Robert Walters Associates, 25 Bedford Street, London WC2E 9HP.

ROBERT WALTERS ASSOCIATES

FINANCE DIRECTOR

SOUTH COAST

c.£60,000

The Company
A manufacturer of aerospace systems and components, some at the leading edge of technology, the Company is one of two principal subsidiaries of a £200m quoted group. The subsidiary itself has 1,200 employees and a turnover of some £60m.

The Role
The Company requires pro-active financial input at Board level. Working as a key member of the management team, the Finance Director will be expected to advise and assist the Board in all strategic issues as well as ensure that meaningful, appropriate and timely forward-looking financial information is available to the Board.

Specific Experience

Experience of strategic acquisitions (company and product), integrated MIS and the latest thinking in management accounting in a varied manufacturing and service environment.

The appointee will already have held finance director responsibilities within a manufacturing sector company.

Candidate Criteria

Graduate, qualified accountant, probably in his/her mid to late 30s.

A strategic thinker with a strong intellect and independent mind with well-developed conceptual and analytical skills.

Dynamic, highly motivated with integrity and excellent interpersonal and communication skills. A team player.

If you feel you could make a significant contribution to our client's business, please send a reasoned summary of your skills and attributes, accompanied by your cv, to Mark Scott MA FCA at Jamieson Scott Selection Division, 118 Eaton Square, London SW1W 9AF, quoting reference FT 271.

Jamieson Scott
SELECTION DIVISION

FINANCIAL CONTROLLER

£35,000 PACKAGE + BENEFITS / CAR ALLOWANCE

SOUTH LONDON

A UK Division of a major US Corporation, serving the capital goods market on a worldwide basis, seeks an ambitious, hands-on Financial Controller to take responsibility for its finance and accounting function.

Based in South London, the role is broad requiring business acumen as well as accounting skills. Key responsibilities will include project cost and inventory control, systems development and strategic financial planning.

Aged 30 to 45, candidates should be computer literate, qualified accountants with several years experience at a senior level in a manufacturing/project environment. Prospects for advancement are good.

In the first instance, applicants should send a full CV, including salary and benefit details to the Group Financial Director at:

Elton Chromalox, Elton House, 30-38 White House Road, Croydon, CR9 3NA

INTERNAL AUDITOR

LONDON c.£25k package + car

3i is Britain's leading investment capital company, investing in businesses in most sectors of industry, both within the UK and internationally, supporting start-ups, growth and changes of ownership.

As one of the country's leading backers of business, we naturally adopt progressive and professional practices - particularly when it comes to monitoring our own operations.

Joining the Internal Audit team in our Waterloo Road offices, you will cover our Treasury activity as well as providing support on financial and operational processes to ensure we meet required standards and statutory regulations. Some travel will, of course, be involved.

The need is for a London/SE based qualified CA with around two years' experience, including auditing of Treasury activities in the Banking sector. A working knowledge of French or German would be an advantage but is not essential.

Salary will be competitive, and the package includes company car and financial sector benefits. There may also be opportunities to broaden your experience into other fields.

If you are ambitious and have exceptional skills, develop your career with a leader in investment capital.

Please send your CV to Paula Bates, Human Resources Adviser, 3i plc, Trinity Park, Bickenhill, Birmingham, B37 7ES.

INVESTORS
IN
INDUSTRY

FINANCIAL CONTROLLER

Brighton

Salary c£35,000

EUROLINK
GROUP PLC

Eurolink Group PLC is a leading multi-national organisation at the forefront of the supply of computer and technical human resources.

Reporting directly to the Chairman and Chief Executive you must be capable of working on your own initiative to organise the accounts function to the production of Management Accounts/Reports and actively assist with the business strategy and planning. Responsibilities will also include budgeting, profitability and performance analysis, treasury, preparation of statutory accounts, legal and company secretarial matters and provision of financial information and advice to senior management.

The successful candidate must have a recognised accountancy qualification; be of strong character; highly numerate and computer orientated; able to produce high quality work to tight deadlines; fluent and persuasive in face-to-face discussion; action oriented, lively and innovative; and able to lead, inspire and motivate a small team.

Please reply enclosing a comprehensive CV and current remuneration to The Chairman & Chief Executive, Eurolink Group PLC, Blenheim House, 56 Old Steine, Brighton, BN1 1NH, marked 'private & confidential' Ref FCL.

McKinsey & Company

What can McKinsey offer a high-flying ACA?

As an outstanding performer with a leading accountancy firm or blue-chip business, you will naturally have high career aspirations - and you may also be keen to broaden your experience. If so, management consulting at McKinsey can offer you both diversity and intellectual stimulus - as well as access to top decision-makers. At the same time, it will provide high-level participation in key financial and general management issues.

We continue to recruit high-calibre people from a variety of disciplines in order to provide our clients with the fullest range of expertise, and

exceptional ACAs already thrive in our demanding multi-disciplinary environment. We are now looking for a number of individuals who combine an excellent academic record (2.1 or better and consistent first-time passes) with between 3 and 7 years' impressive post-qualification experience. Significant exposure to areas other than mainstream audit - such as commercially-focused special assignments - is a prime requirement.

As one of the world's leading management consultancies, we can offer you the opportunity to work with the top management of major corporations

on issues of strategy and organisation designed to effect substantial improvements in performance. Such experience, gained within an organisation committed to excellence, will serve to accelerate your personal development - whether you intend to rise within McKinsey, or ultimately move into general management.

Whilst these opportunities are based in London, client engagements are undertaken throughout the UK, and there may also be opportunities to work overseas. First-class salaries are complemented by an extensive range of benefits including company car and relocation assistance if appropriate.

We are also interested to hear from any non-ACAs who have gained comparable high-profile experience in corporate finance or securities and investment regulation.

To apply, please send your detailed CV to Ms Sarah Webb, Recruitment Manager, McKinsey & Company, 74 St James's Street, London SW1A 1PS, to arrive no later than Friday 16th July 1993, quoting ref: CA/FT/93.

MAJOR UK RETAILER London

COMMERCIAL CONTROLLERS

**£40-50,000
+ Car + Benefits**



Commitment, determination, innovation and vision are qualities that have transformed this long-established UK retailer into the enviable position of market leader in its chosen retail fields. Its success derives from a profound understanding of customer needs and market demands as well as the ability to lead and influence the retail sector with new initiatives, technological advancements and outstanding management development.

As the organisation is set for further expansion, it seeks to maintain the highest levels of expertise and professionalism within finance and therefore wishes to attract two individuals wishing to operate at the commercial edge of the retailing industry.

CONTROLLER CORPORATE FINANCE

Supporting the Corporate Planning process with a high calibre team of business controllers you will:

- Ensure that relevant business planning information is produced via adequate systems and processes on a timely basis.
- Critique financial and commercial performance of key business areas, devise systems to capture store trading performance and develop forecasting and planning techniques in conjunction with EPOS development.
- Pro-actively manage financial control within a number of business areas focusing on the improvement of bottom line performance.

CONTROLLER BUSINESS OPERATIONS

At the centre of a project development environment you will:

- Ensure that robust management and financial controls are in place to measure performance and meet vital reporting deadlines.
- Manage and review all third party and purchase contracts highlighting the financial and commercial implications and take a leading role in negotiations.
- Provide critical support and guidance to a Main Board Director by identifying key issues and developing strategic initiatives.

Each of these roles demands the talents of a graduate qualified accountant and/or MBA aged 28-35, who has worked in an organisation which is characterised and driven by a competitive and clearly focused sales and marketing approach. You will have the necessary personal qualities to challenge senior Executives at the highest level and be seeking to work in a commercial environment offering unparalleled career opportunities to individuals striving for excellence.

Interested candidates should contact Michael Herst or Charles Austin promptly quoting the reference CA442.

HARRISON WILLIS

EXECUTIVE SEARCH & SELECTION

39-40 Albemarle St., London W1X 3FD. Tel: 071-629 4463
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FINANCIAL TIMES FRIDAY JULY 2 1993

Are you an Audit Senior for us?

At Mazars, you will be one of a team which develops client relationships, not internal systems. Our clients will recognise you not only as the external auditor, but also as one of their business advisers.

This is an approach that has made Mazars one of Europe's top 10 practices, with headquarters in Paris, and a client list comprising some of the most significant European corporations.

Because of our substantial growth we are recruiting additional Audit Seniors to join our team in the UK.

You will have a degree, be qualified with a 1:1:1 exam record, and have 'Big 6' experience. You will be a natural communicator, be confident of your technical abilities, and will demonstrate the personal qualities inherent in a potential manager.

If you think we're different enough to be interesting, fax or write to Aileen Pallot, Mazars & Co, 33 Golden Square, London W1R 3PA. Fax: 071 287 9480. Tel: 071 287 3623.

AUDIT SENIORS
UP TO
£28,000

PART-TIME GROUP FINANCIAL ACCOUNTANT

Background

A position to assist the Board of a young and successful group of companies, with all the complexities of a major international corporation.

Skills and Requirements

A qualified accountant with international experience to coordinate group finances, covering corporate tax and VAT, treasury, company start ups and acquisitions, foreign exchange, financial strategy, financial staff development and secretarial.

Qualities

A hands on, proactive executive with rigorous attention to detail, commercial drive and an enthusiastic team player. An early retired group financial director would be considered for this position which will be based in West London.

Please respond with reference to your experience in each of the above mentioned requirements, enclosing your C.V. and stating your salary expectations to Box B1556, Financial Times, One Southwark Bridge, London SE1 9HL.

..... something completely different!

If you are a qualified accountant with a strong commercial background, preferably in a retail company or with a supplier to the retail trade, we may be able to offer you an escape from company politics and an opportunity to reap the rewards of your own efforts. Successful applicants are likely to be between 45 and 50 years of age.

We are a group of self-employed professionals carrying out an unusual service for our clients who include many of the country's leading retailers. We review their records for archived overpayments and our fees are based entirely on recoveries made. Amounts recovered are significant and personal earnings follow that pattern. It is challenging and rewarding work, sometimes frustrating, often fun!

We are currently looking to strengthen our representation in many parts of the Country and so, if you believe you have the positive, lively, self-motivated approach necessary for this work, please send c.v. in confidence to:

Peter Bennett FCA,
Howard Schultz &
Associates
77-81 High Street
Tring
Herts HP23 4AB

howard schultz & associates

The Bristol Evening Post plc

Finance Director

Newly created Main Board role

Bristol

The Bristol Evening Post is a listed company with a turnover in excess of £60m. Its principal activities include newspaper publishing, CTN retailing, transport, features syndication and property ownership. Redefinition of responsibilities at Board level has resulted in the creation of this new role, which is considered to be critical to the ongoing success of the group.

Reporting to the Group Chief Executive, the appointee will oversee all aspects of the group's financial affairs. Specific responsibilities will be to:

- initiate and develop broad financial strategies to support business plans;
- work with the Group Chief Executive and Chairman in respect of investor relations issues;
- make an important contribution to the group's strategic development.

Probably aged 35-45, the successful candidate will be a Chartered Accountant with senior line finance experience in a listed PLC, ideally in the media sector. Previous exposure to dealing with City institutions and major investors would be advantageous. In addition to professional skills of the highest order, we will be looking for strong interpersonal skills, a commercial outlook and the personal authority to command respect at all levels.

In addition to the advertised salary, the remuneration package will include a company car, private health care and an excellent pension scheme.

Please send a detailed CV to GKRS at the address below, quoting reference number 203J and including details of current remuneration and availability.



SEARCH & SELECTION

CLAREBELL HOUSE, 6 CORK STREET, LONDON W1X 1PB. TELEPHONE: 071 287 2820
A GKR Group Company

Financial Director

W London Age 35 - 55
FCMA? Up to £35,000

Thriving private company. Must be/have been manager of Finance Dept in medium co + pe user. CV + salary history to:

HS, London Linen Supply Ltd,
6-8 Jacksons Way, Gt Western
Industrial Pk, Middx, UB2 4SA

DIRECTEUR FINANCIER

£45K + benefits

Southern England

Filiale GB grand groupe auto recherche diplômé MBA/CA/CIMA, 35-40 ans. Bonne exp. contrôle gestion et fabrication grande série.

Mission: n° 2 structure, resp. contrôle gestion, reporting, trésorerie, comptabilité, budgets etc.

CV's will be treated in the strictest confidence. Please reply to Box No. B1559, Financial Times, One Southwark Bridge, London SE1 9HL

FINANCIAL CONTROLLER CENTRAL GERMANY

Engineering Products

c. £74,000 package, excellent benefits

This is an excellent opportunity to join an autonomously run manufacturing Company, part of a \$1bn Division whose parent is a major US \$3bn turnover Group operating worldwide. The Company, a \$100m turnover precision engineering plant, is a recent acquisition and needs to establish an efficient and creditable on-site finance function to be headed by the Financial Controller.

We seek a highly proficient and technically skilled finance executive to be part of the Senior Management Team. Candidates must be able to demonstrate broad based financial expertise, including in-depth cost accounting, financial planning and reporting. Candidates will have experience of working for a German manufacturing company, be PC literate and familiar with multinational financial reporting requirements.

Aged 35+, candidates will be qualified accountants, have excellent communication skills, be self-motivated, analytical, persuasive, strategic and commercially aware. The ability to proactively contribute to the Company's achievement of financial and business objectives is essential as is fluency in written and spoken English and German.

Apply in confidence by sending a detailed CV quoting Ref. 672 to: Staniforth Endors and Partners Limited, 3 The Courtyard, Ashley Road, Hale, Cheshire WA14 3NG. Telephone: 061 929 1481. Fax: 061 929 8098.

STANIFORTH-ENDSOR & Partners Ltd

CONSULTANTS IN ORGANISATIONAL COMPETITIVENESS

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The FT can help you reach additional business readers in France. Our link with the French business newspaper, Les Echos, gives you a unique recruitment opportunity to capitalise on the FT's European readership and to further target the French business world.

For information on rates and further details please telephone: Clare Peaseall on 071 873 4027

مكة امه لوط

Financial Controller

West Midlands

£30,000 + Car + Benefits

Our client is a division of a highly successful multinational with corporate links within Western Europe, USA and Japan. Engineering solutions are provided to industry via a range of High Technology and Robotics, mainly in the form of complete turnkey projects.

The role, reporting directly to the Managing Director, is a broad financial management accounting position with responsibility for 4 staff. Key areas are:

- the operation and improvement of existing accounting systems including the monitoring and improvement of project evaluation methods;
- strategic development as a member of the senior management team;
- group reporting;
- appraisal and restructuring of UK accounting and tax management into a focused proactive force;
- enforcing strict controls, strict balance sheet management, including statutory accounting and tax planning.

A young dynamic qualified accountant is sought with significant experience in the costing and project management of contracts up to £2m. Industrial/manufacturing experience is therefore prerequisite as is self motivation and enthusiasm. Age range 28-35 years. The prospects for future career development within this expanding organisation are excellent.

Please write, enclosing a C.V. to Andrew Grant or Andrea Mynard, Nicholas Andrews, 126 Colmore Row, Birmingham, B3 3AP or telephone on 021 233 4450, Facsimile 021 236 5350

Nicholas Andrews

Finance Director

London

to £60,000 + bonus + benefits

Our client is a leading player in a niche sector of the communications industry. The company is supported by an international group and is backed by resources and management that will enable it to achieve an impressive growth rate over the next 5 years.

The position reports to the Managing Director and will be pivotal in developing the future strategy of the business. Responsibilities will cover all aspects of finance as well as other strategic issues. Key tasks will be to bring a clear financial focus to the management of the organisation and to develop an efficient and qualified finance team.

The successful candidate will be a qualified accountant, aged 35-45, with a record of achievement in financial management gained

at the highest level. This is likely to have been achieved with a large 'blue chip' organisation. Excellent communication and interpersonal skills are essential, as is the ability to influence at a senior management level.

This is a first class opportunity to contribute to the future success of an ambitious and high growth potential business. The remuneration package will include a performance related bonus, company car and other benefits.

Interested applicants should write with a detailed CV, including details of current remuneration to Mark Gilbert at the address below.

Alderwick Peachell

Alderwick Peachell & Partners Limited, Recruitment Consultants, 125 High Holborn, London WC1V 6QA. Tel: 071-404 3155. Fax: 071-404 0140.

HEAD OF FINANCE AND INFORMATION TECHNOLOGY MAJOR EUROPEAN BANK AGE 30-40

& EXCELLENT

CITY

This leading European Bank has the resources to offer commercial, merchant and investment banking services on a worldwide scale. Strongly represented in all major financial centres and with the ability to create sophisticated financial products for individuals as well as corporations, it is active in every kind of banking including mergers and acquisitions, money markets with futures and options, asset-based

finance, structured and acquisition finance and private banking.

An exceptional opportunity has arisen for an ambitious accountant to join this dynamic organisation heading the Finance and Information Technology Division.

Reporting to a member of the Executive Committee, this is a crucial role incorporating four key areas:

- Financial Control

- Dealing Room Accounting Support
- Organisational Research and Development
- Operational Systems

The successful applicant will be a qualified accountant with proven line management experience within the Financial Control Division of a financial services organisation.

This role demands a high level of Information Systems understanding within a similar environment

coupled with excellent interpersonal and management skills.

Opportunities for progression within the organisation are exceptional and the remuneration for this appointment will be excellent. Candidates whose background and ability match this challenging role should write enclosing a current Curriculum Vitae, quoting Ref BL471, to: Robert Walters Associates, 25 Bedford Street, London WC2E 9HP (fax 071 915 8714).

ROBERT WALTERS ASSOCIATES

LONDON WINDSOR BIRMINGHAM BRISBANE AMSTERDAM PARIS

NEWTON

NEWLY QUALIFIED ACCOUNTANT

Newton is a privately owned and independent house which has a record of steady growth and consistent performance. The £3.5bn of assets under management consists of institutional funds, private client assets, unit trusts and personal equity plans. As a result of continued expansion we now seek to appoint a high calibre accountant for the Unit Trust Department.

As part of a professional team you will share responsibility for providing a full accounting service for a portfolio of both authorised and unauthorised unit trusts. These duties will include the preparation of accounts, management reports, client support, tax computations, liaison with external professionals and close interaction with other departments within the organisation.

The successful candidate will probably be a newly qualified ACA, CIMA or ACCA, and ideally, will have gained an understanding of the products of this industry.

This role has potential to develop rapidly to take on additional responsibilities so the incumbent will need to be technically strong, computer literate and enjoy the challenge of a steep learning curve.

Interested applicants should write enclosing a full curriculum vitae to:

CLAUDIA SHAUL
NEWTON FUND MANAGERS LIMITED
NO.2 LONDON BRIDGE, LONDON SE1 9RA
MEMBER OF IMRO
WRITTEN APPLICATIONS ONLY PLEASE

Equities/Equity Derivatives Accountant

CITY

£35,000 - £45,000 PACKAGE

Our client, a leading international securities house, with a significant presence in the international equities markets, is seeking to develop their trade support function with a qualified accountant.

Managing a proactive team with a direct report to the Finance Director, this high-profile role will be based on the trading floor and will involve considerable liaison with senior management, sales and trading staff.

Responsibilities will include the overseeing of accounting for all equity and equity-linked products traded through London, advising on accounting policies for new products, tax issues, capital allocation and the enhancement of management information systems.

Probably aged in his or her late twenties to early thirties, the ideal candidate will be a qualified accountant with at least two years experience in a large investment bank in a trade support function. Solid equity and equity

derivative product knowledge is essential.

Increasing European involvement and playing a key development role within the organisation will both be achievable in this meritocratic environment.

The role will demand an assertive and creative approach, flexibility, initiative and the confidence to demonstrate individual flair through the contribution of ideas. Numeracy and proficiency with Excel/Lotus are prerequisites for the job.

Remuneration will include a basic salary commensurate with experience, mortgage subsidy, company car and eligibility for participation in the discretionary bonus scheme.

For further information please contact Judi Bearcroft or Fiona Johnson on 071-404 3155 or write, enclosing brief details, to the address below. All enquiries will, of course, be treated in the strictest confidence.

Alderwick Peachell

Alderwick Peachell & Partners Limited, Recruitment Consultants, 125 High Holborn, London WC1V 6QA. Tel: 071-404 3155. Fax: 071-404 0140.

Financial Controller

South West

Attractive package + car

Our client, a member of an international group, is a uniquely successful manufacturing company located in the South West of England. Internal reorganisation has created an opportunity for a qualified and experienced accountant to take up the highly visible role of Financial Controller.

The key areas of responsibility are for producing accurate management reports to strict deadlines, both locally and corporately, and to actively review and upgrade systems and procedures.

To succeed in this role you

must be able to show clear evidence of achievement in a similar capacity, supported by strong interpersonal and people management skills.

The company's strategy for growth demands total involvement and commitment, which will be rewarded by an attractive salary and benefits package.

Interested candidates should submit a full CV (indicating companies of no interest) quoting reference number 5503, to:

Peter Lockyer Advertising Ltd.
47 London Road, Stanway,
Colchester, Essex CO3 5NP.

PETER LOCKYER ADVERTISING

Hong Kong based INTERNATIONAL FINANCIAL CONTROLLER

£Attractive + Benefits

Fund Management Company with an established reputation as a leading player in South East Asia seeks an experienced qualified accountant with a strong background in the financial services industry.

Reporting to the Board, the Financial Controller is responsible for the day to day implementation of financial controls for the Group's international business network and for corporate financial management. The successful applicant should have particular awareness of fund accounting, corporate secretarial matters, treasury management, international tax legislation and have strong administrative skills.

A graduate chartered accountant from a leading firm, probably in your early 30s, results-driven, confident, industrious team-spirited and adaptable with experience gained in a commercial environment and used to communicating at the highest level. Single Status preferred.

Please write enclosing a full CV, recent photograph and salary expectations to:

Box No. B1563, Financial Times,
One Southwark Bridge, London SE1 9HL

Closing Date 2nd July, 1993

COMPLIANCE/AUDIT OFFICER

City

International Fund Management Organisation
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INSIDE

Norsk Hydro and Statoil swap stakes

Norsk Hydro, Norway's biggest listed company, and Statoil, the Norwegian state oil company, are to swap shareholdings in a planned pipeline and two oil and gas fields which are under development. Page 16

S Electric raises payout 17.6%

Southern Electric increased its dividend to shareholders by 17.6 per cent, the highest increase so far among the UK's electricity companies. Page 16

Nokia increases issue size

Nokia, the Finnish electronics group, will increase the size of an international share placement to 5.22m preference shares from 3.8m in response to strong demand. Page 16

Ford makes Czech purchase

Ford, the carmaker, has reached agreement with the Czech government to acquire Autopol, a components manufacturer with turnover of £50m (£75m) a year. Page 17

US bond record

US companies issued record amounts of debt and equity during the first half of this year. Stocks and bonds worth an unprecedented \$500bn were sold in the first six months of 1993, well above the previous record of \$445bn. Page 17

Film producer files for protection

Nikkatsu, a Japanese film producer and distributor has become the first company listed on the main section of the Tokyo Stock Exchange in eight years to file for court protection under the corporate rehabilitation law. Nikkatsu's debts total ¥49.7bn (\$464.5m). Page 16

Hays expands in Germany

Hays, the UK business services group, has acquired Mordhurst, a national distribution business in Germany, for £22m (\$48m). Page 20

Aer Lingus in limbo

The rescue plan for Aer Lingus, Ireland's troubled state airline, still languishes in a government in-tray two weeks after Mr Bernie Cahill, executive chairman, presented it for cabinet approval. Page 21

Opening up the Andes

Although Argentina owns half the mineral-rich southern Andes, mining in that country has never caught on. However, the government has approved investor-friendly mining laws that it hopes will open up Argentina's under-explored interior to local and foreign countries. Page 24

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Chief price changes yesterday

FRANKFURT (DM)		
BLW	413	+ 8.5
Brecher Bk	385	+ 8
Deutsche	58	+ 16
Wag	367.5	+ 5.3
Falke	307	- 7.8
Hertz	307	- 7.8
NEW YORK (USD)		
Alcoa	71.4	+ 1.4
Aluminum	12	+ 2.4
Alcoa	35	+ 1.4
Alcoa	65.4	+ 1.4
Alcoa	17.4	+ 1.4
Alcoa	68	+ 1.4
Alcoa	257.2	+ 11.8

LONDON (Pence)		
AMEC	54	+ 4
AMEC	59.4	+ 4.1
AMEC	19	+ 2
AMEC	58	+ 1.3
AMEC	40	+ 4
AMEC	20.95	+ 22
AMEC	40	+ 10
AMEC	325	+ 12
AMEC	748	+ 14
AMEC	558	+ 12
AMEC	422	+ 10

IBM moves to boost PC market lead

By Louise Kehoe in San Francisco

INTERNATIONAL Business Machines has announced two moves designed to increase its lead in the personal computer market.

It will form a subsidiary to sell low-cost personal computers (PCs) in the US under the Ambra brand name, mirroring moves in Europe and Canada.

It has also formed a division within its personal systems organisation to develop a generation of high-performance desktop and portable computers based on the Power PC microprocessor, jointly developed with Apple Computer and Motorola.

The US Ambra subsidiary may increase IBM's PC profits in the near-term. The new Power Personal Systems division represents a long-term strategic effort to ensure IBM is strongly positioned in an emerging segment of the PC market.

Ambra will offer products aimed at price-sensitive buyers and will compete directly with the "clones" of IBM's PCs offered by lesser-known manufacturers. As in the UK, where Ambra was introduced last year, the product line will not carry IBM's name and the subsidiary company will operate independently.

In the US, Ambra is expected to sell mainly through discount and warehouse stores, such as the Price Club. Ambra US could represent a serious threat to second

and third-tier PC manufacturers in the US who are already feeling intense price competition.

In contrast, the newly formed Power Personal Systems division is an in-house effort to benefit from IBM's substantial investments in Power PC microprocessors for personal computer products.

By placing the development group in a separate division, IBM aims to maintain the focus of its PC business on PCs using Intel microprocessors, the dominant technology.

IBM's semiconductor partner in the Power PC chip effort is touting the new chips as having "the power to blow away Pentium", Intel's latest microprocessor chip. Apple Computer, which also teamed up with IBM for Power PC, is planning to use the chips in a new generation of desktop computers.

IBM PC, however, has no plans to abandon the Intel architecture and is developing PC products using "Pentium and future Intel microprocessors" a spokesman said.

However, IBM aims to make the most of its investment in Power PC by offering the broadest possible range of products using the new technology.

IBM's workstation group is expected to introduce the first computer using the Power PC chip later this year. The technology is also being designed into IBM's mid-range and mainframe computers.

Grundig's losses multiply as prices languish

By David Waller in Frankfurt

GRUNDIG, Germany's leading home electronics group, returned a loss of DM296m (£175.1m) last year as falling prices, exchange rate movements, rationalisation costs and poor industry conditions took their toll.

The company, which is 32 per cent owned by Philips, the Dutch electronics group, said last year's deficit compared with a loss of DM18.6m in the previous year. Extraordinary costs were DM119m.

The result was worse than the loss of DM200m which the company forecast in the autumn of last year. It blamed the increased losses on overcapacity in the worldwide home electronics industry - which hit the group's margins - as well as the cost of reducing its own capacity through the closure of plant and the reduction of the workforce.

Turnover fell to DM3.71bn from DM4.24bn. Mr Pieter Harmsen, chief executive, said yesterday that falling prices and exchange rate movements trimmed sales by DM270m last year.

Mr Harmsen warned that further rationalisation was necessary.

Last year, total jobs fell to 16,706 from 24,473 and the chief executive said agreement had been reached with workforce representatives for a further 2,000 job cuts across the group in the current year.

Stripping out the effect of price falls and exchange rate changes, sales would have risen by 1 per cent, Mr Harmsen said at yesterday's press conference in Nuremberg. This was a sign that the group had improved its market position despite poor conditions for the sector.

The loss on ordinary trading activities was DM187m, against a profit of DM75m in the previous year. Domestic turnover fell to DM2.07bn from DM2.31bn, while abroad it dropped back to DM1.64bn from DM1.93bn.

In March, Philips reported a loss of F190m (£473.6m) last year, blaming "unprecedented conditions" in worldwide consumer electronics markets. It said then it planned to cut 12,000 to 15,000 jobs worldwide and eliminate duplication of production and development between it and Grundig.

BPB rises 52% as price war ends

By Andrew Taylor, Construction Correspondent

PROFITS of BPB Industries, Europe's biggest plasterboard manufacturer, have jumped 52 per cent following the end of a price war in the UK, France and Germany.

Group pre-tax profits rose from £37.8m to £57.5 (£88.3m) in the 12 months to March. Turnover rose 10 per cent to £1.12bn.

The UK company has cut its final dividend by a third from 7.25p to 4.8p, as it forecast in February when raising £84m from a convertible bond issue, making a total for the year of £1.15p.

Mr John Maxwell, chief executive, said BPB had decided to rebase its dividend "in view of the unprecedented economic uncertainties facing the group's main European markets".

Group pre-tax profits, which four years ago exceeded £200m, were unlikely to return to previous levels even when construction markets recover. Earnings per share, which rose from 6p to 8.1p last year, are less than a third the 32.2p earned in 1988/89.

Mr Maxwell said western European plasterboard prices, which have risen by an average of 29

per cent since February 1992, were still well below levels prevailing at the end of the 1980s.

The increases follow the ending of a price war between the three largest plasterboard producers: BPB, Knauf of Germany and Lafarge-Coppée of France.

This has left BPB's share of the European market of between 50 per cent and 55 per cent relatively unscathed. The company's share of the UK market, where it previously had a near monopoly, has fallen from more than 90 per cent to about 65 per cent.

Mr Maxwell said that Knauf and Lafarge-Coppée now appeared more interested in improving profitability than pursuing market share and that further price rises were likely.

BPB's target was to double its return on sales from 7 per cent to 15 per cent and the return on capital from 10 per cent to 20 per cent.

Mr Maxwell warned of further job losses as the group sought to cut costs. Some 700 jobs were axed last year resulting in a redundancy cost of £11m. He expected European plasterboard sales to fall over the next 12 months.

Lex, Page 14

Richard Gourlay explains the birth of a stock market sector

MORE than a decade after Genentech's float on Nasdaq launched one of America's fastest stock market sectors, the UK is on the verge of providing a home-grown source of capital for European scientists.

Encouraged by a relaxation of stock exchange rules, the UK's emerging biotechnology industry is flocking to the London market. British Bio-technology, which reported full-year results on Tuesday, was the first company to persuade the exchange to loosen listing requirements for its £150m (£226m) flotation last June.

By next week, when the diagnostics group Celis starts trading, there will be eight UK-quoted biotech companies and 11 more pencilled in for flotation, mostly within the next year.

By US standards the sector is hardly off the starting blocks - there are 225 US biotechnology companies with a combined market capitalisation of \$35bn. But at least the UK has joined the race.

The rush to float does not imply British science is suddenly ready to move from the laboratory to the market place with a string of ideas based on molecular biology and genetic research.

Rather, research-based companies have discovered that flotation is now an option in the UK - even though many still look as though they belong in the venture capital nursery.

Most of the newcomers are either still developing their product or have negligible sales. Many will require additional capital after flotation and will not record significant profits until the late 1990s. All are benefiting from the stock exchange's change of attitude.

"For many years it has not really been possible to obtain a [UK] listing for businesses of this type, where the value is in the technology and has not shown through in the sales or the profits," says Ms Janice Anderson, director of Grosvenor Development Capital. "So people have had to go to the US."

Notable among these forced exiles are Cantab Pharmaceuticals and Ethical Holdings. Encouraged to prevent this trickle becoming a flood, the London Stock Exchange last year allowed British Bio-technology to float without the usual three-year record of trading profits.

The window of opportunity in the UK coincides with the US biotechnology sector losing some of its sparkle. Genentech has disappointed with its VPA "clostridium" heart attack drug, and Synergen's sepsis treatment has not lived up to earlier expectations, according to stockbrokers Barclays de Zoete Wedd.

The tempering of enthusiasm in the US should strike a note of caution. Some new biotech drugs have passed successfully through

UK Bioscience



Source: Stock Exchange and Datastream

Companies already floated	Date of flotation	Proceeds (£m)	Market capitalisation at flotation (£m)	Market capitalisation now (£m)
ML Laboratories	Dec '87	2.0	16.0	291.5
Haemocoil	Dec '88	2.1	10.6	33.1
Proteus	June '90	4.5	18.0	107.4
British Bio-technology	June '92	30.0	151.8	133.8
Tapeel Diagnostics	Oct '92	5.5	27.5	50.4
Drew Scientific Group	May '93	7.3	25.2	31.9
Celis Diagnostics	June '93	22.0	60.0	60.0
Anagen	June '93	15.0	46.5	42.8

To be floated	Date
Cantab Pharmaceuticals	1993/94
Celltech	1993/94
Sagitta Holdings	1993/94
Chiros	1994
Fermentech Medical	1994
Pharmaceutical Proteins	1994/95
Shire Holdings	1994/95
Xenova	1994/95
Oxford GlycoSystems	1995
Cortec International	1995

Biotech babies find a life-giving source

clinical trials have worked no better than existing chemically synthesised versions.

Even if investors choose to ignore this, the prospectus should leave little doubt about the risks.

A typical health warning appears in the listing particulars of Celis, which wants to replace the laboratory agar plate with a kit for faster measurement of microbial contamination.

Private investors, who can apply for shares until this morning, are told: "There can be no assurance that the company will ever achieve significant revenues or profitable operations."

The warning may not be as prominent as it would be in the US - where the face of the prospectus often boasts the warning like an "X" rating on a movie - but at least it is there.

To counter these sobering statements, the newcomers have to rely on the feel-good factor. Celis, for example, carries "validations" from organisations ranging from the Laboratory of the Government Chemist to such heavyweight companies as Wellcome and SmithKline Beecham.

The newcomers are also recruiting big names from the pharmaceutical industry.

Thus, the non-executive chairman of Celis is Mr John Precious, finance director of Wellcome; British Bio-technology picked up Mr Keith McCullagh as chief executive when GD Searle, the US drug maker, was bought by Monsanto; and Chiro, which

will float next year, can boast the backing of Mr George Rathman, the founder of Amgen, widely recognised as the most successful biotechnology company yet formed.

The holy grail for all the new drug companies, needless to say, is the discovery and development of a blockbuster - unofficially defined as having annual sales of more than \$500m. Few drugs are likely to match Glaxo's Zantac ulcer treatment, which transformed the company's fortunes in the 1980s. But according to BZW, the biotechnology sector's "hit rate" is not as low as many believe. The 75 longest-established companies in the US have already brought 12 new biotechnology drugs to market.

The newcomers also point to the prices some large pharmaceutical companies have paid to get aboard the biotechnology research train.

A dramatic illustration of value came when Switzerland's Sandoz group paid \$32m for a 60 per cent stake in Systemix, a Californian company researching gene therapy, only a year after it floated.

Such anecdotes do not, however, make valuation any easier. With no profits forecasts, valuation remains a hugely imprecise science.

"You have to take a view on the science, the people and the prospects and this is the only way to get to the valuation," says one pharmaceutical executive.

With valuation so inexact, some analysts believe venture capitalists should still be supplying the development funds. Mr Chris Evans, a microbiologist and founder of Celis and Chiro, which will float next year, vehemently disagrees. Raising venture capital is extremely time consuming, distracts management and is no way to fund the development of a global market, he says.

But more fundamentally, he says, the supply of equity finance is there. "Institutional investors have seen people make outrageous capital gains from loss-making companies," he says. "If the stock market is prepared to finance development, why give a large slice of the company to venture capitalists?"

Relaxed listing rules will, inevitably, lead to riskier ventures being quoted. But the stock exchange is trying to close the door on the worst forms of abuse. Rules now in draft form propose that most of the capital raised on flotation should be used to fund drug or product development.

Founding shareholders will also, usually, be prevented from selling shares for two years after flotation. Both these rules should prevent them walking away with the cash before the venture proves itself.

It is early days. But the often maligned stock exchange has been widely applauded for relaxing rules that could sustain a new, albeit risky stock market sector.

Governments may act on Channel tunnel date

By Andrew Taylor in London and Alois Rawsthorn in Paris

A SUGGESTION that the British and French governments appoint an independent mediator to resolve the conflict between Eurotunnel and its contractors over the opening date of the Channel tunnel has been discussed by the two countries.

The British transport department confirmed that the suggestion had been raised by French officials but said the British government had no plans to appoint a mediator. Any such appointment would be a matter for the Bank of England rather than the government, said the British official. The Bank has become involved in trying to resolve differences on the project but has preferred to act behind the scenes.

Contractors are seeking substantial additional payments to cover the cost of building the tunnel which has risen from £4.8bn (£7.2bn) in 1987 to £10bn.

The contractors claims are being considered by a disputes panel.

The initiative proposed by the French would seek to get Eurotunnel and its contractors to agree an opening date rather than to resolve the issue of payments.

Eurotunnel in Paris yesterday confirmed that it was in discussions with the French government over the appointment of a mediator.

Eurotunnel said it supported the initiative and that Mr André Bénard, its chairman, had for several weeks been discussing the matter with ministers.

Mr Bénard said a number of candidates for the role of mediator had been suggested.

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INTERNATIONAL COMPANIES AND FINANCE

Ford to acquire Czech parts maker

By John Griffiths

FORD has reached agreement with the Czech government to acquire Autopul, a components manufacturer specialising in automotive lighting and heat exchanger equipment including air conditioning. The producer has annual turnover of \$50m (\$75m).

The acquisition, for an undisclosed sum, was described by Mr Jacques Nasser, Ford of Europe chairman, as part of Ford's strategy to establish a stronger presence in the emerging economies of central and eastern Europe.

The acquisition provides Ford, for the first time, with an in-house capability to produce lighting in Europe. In the long

term, this may mean reduced business for Hella, Carello, Bosch and Valeo, its European lighting suppliers.

It also gives Autopul a significant role in Europe's fast-growing car air-conditioning market. In 1987, only one car in 200 was ordered with air-conditioning. Now the level is 11 per cent and is expected to grow to 25 per cent - representing around 3m units - by 1995.

Ford has been among the most cautious of western vehicle producers in exploring manufacturing ventures in the region.

However, it has identified Poland, Hungary and the former Czechoslovakia as offering most potential. It is also setting up a green-



Jacques Nasser

field operation in Hungary to manufacture induction coils, and is in the final stages of negotiations with the Polish

authorities to establish a soft-trim factory. It already has car sales and service networks in the region.

The Autopul plant, which employs 2,700, has Lada and Volkswagen-controlled Skoda as its biggest customers. However, Mr Nasser said: "We believe our investment will enable Autopul to become an internationally competitive supplier throughout Europe."

Ford intends to introduce new equipment, systems and methods at the five plants operated by Autopul.

However, it says the company will not need to overhaul and cut jobs as much as in some other Western takeovers of east European motor industry ventures.

Ryder System to spin off aviation

By Nikki Tait in New York

RYDER SYSTEM, the Miami-based transportation group, plans to spin off its aviation business as a separately quoted company and take a net second-quarter restructuring charge of \$169.4m.

The plan involves a large jet turbine overhaul shop in Prestwick, Scotland, bought from British Caledonian in 1986. Existing Ryder shareholders will be offered shares in the aviation company through a tax-free distribution of stock.

The new group will be based in Dallas and take in Ryder Airline Services, Ryder Aviall, and Inventory Locator Service.

Included in its assets will be the Prestwick facility, which employs about 800 and works on General Electric engines for airlines such as British Airways, Continental, USAir and British Midland.

Ryder claims to be the world's largest independent supplier of turbine aircraft engine repair services and the biggest distributor of aviation parts and supplies.

Although it plans to shed peripheral operations - Ryder Aviall's business aviation and helicopter engine repair business; its aircraft and terminal services operation at Dallas's Love Field; and a sales unit in Miami - the new company would have had revenues of \$1.2bn in 1992, and assets, at end-1992, of \$1.2bn.

Profits from the aviation interests, however, fell last year - a trend blamed on lower demand, but which continued in the first quarter of 1993. About \$50m of debt - just over a quarter of the total at Ryder - attaches to the aviation interests, and will transfer to the demerged entity.

Demergers have become increasingly popular in the US recently, as companies have attempted to generate investor interest by reshaping.

Ryder claimed the deal would allow both its "highway" transportation interests and the aviation units to "focus more sharply" on their respective markets.

Rhône-Poulenc to divide shares in lead-up to float

By Alice Rawsthorn in Paris

RHÔNE-POULENC, the French chemicals company poised for privatisation by the new centre-right government, will this month divide its shares in a four-for-one split.

The share split, scheduled for July 12, will apply to Rhône-Poulenc's preferred investment certificates as well as to its ordinary shares.

The nominal value of the shares and certificates will be reduced from FF100 to FF25, with investors receiving four new shares for each one already held.

Analysts have interpreted the share split as a means of improving the liquidity of Rhône-Poulenc's equity in the

approach to privatisation.

The company confirmed one of its motives was to make its stock more liquid, but said the main reason was to harmonise the price trading level of its ordinary shares in Paris and American Depositary Receipts (ADRs) in New York.

French companies have traditionally attached far higher nominal value to their shares than their Anglo-Saxon counterparts.

Rhône-Poulenc, quoted on the New York Stock Exchange, gave its ADRs a nominal value of a quarter of its ordinary shares, to make them easier to trade in the US. The share split will ensure that both the ADRs and ordinary shares have the same nominal value.

The group has made no secret of its hopes of being one of the first state-controlled companies to be sold in the privatisation drive.

The Balladur government, now putting the finishing touches to its privatisation legislation, has identified 21 candidates for sale and plans to include between three and six in the first round of sales due in September.

The share split should make Rhône-Poulenc's shares more marketable to international investors.

Just over 37 per cent of the group's equity is in public issue, with the state owning 43.4 per cent directly and controlling the rest through public-sector institutions.

BMW moves into aluminium components

By Kenneth Gooding, Mining Correspondent

BMW of Germany yesterday became the latest important producer to reveal a special interest in developing aluminium car components by signing a co-operation agreement with Norway's Hydro Aluminium. The deal may even involve the production of complete "space frames", skeleton-like frames to which body panels can be fixed.

The two companies said they had been working together for

several years to increase the use of aluminium in car structures, and they had now formalised the arrangement.

Car companies are being driven to use much more aluminium to reduce the weight of cars so that they can meet increasingly stringent fuel economy and pollution regulations.

BMW's move comes a few months before the launch by its rival, Audi, part of the Volkswagen group, of an "aluminium-intensive" top-of-the-range, V8 model, developed

with Alcoa of the US, the world's biggest aluminium group.

However, BMW said it had no plans for volume production of an entire aluminium car like Audi's.

BMW's M-Technik offshoot is using an aluminium space frame in its prototype E1 electric vehicle for California. At the Geneva Motor Show recently, the group presented the Z13 concept "city car", which has an aluminium frame, recycled plastic panels, and a motor-cycle engine.

Hydro is part of Norsk Hydro, Norway's biggest industrial group and 51 per cent owned by the state. It is quoted on several stock exchanges.

It is the world's biggest producer of aluminium extrusions, and this year started supplying space frames from a Michigan factory for General Motors' new Corvette sports car.

It has also been co-operating on car space-frame concepts since the mid-1980s with various groups, including Renault in France, Porsche in Germany and Pininfarina in Italy.

US employee options rule to be tightened

By Karen Zagor in New York

AN accounting rule change forcing companies to disclose the value of options granted to employees and subtract them from profits, has moved closer.

The US Financial Accounting Standards Board (FASB) has published its exposure draft which is essentially unchanged from an earlier FASB proposal which would force companies to recognise stock options and other stock-based compensation rewards as an expense.

The FASB wants comments on the draft by December 31.

Moody's reviews Eli Lilly rating

By Damian Fraser in New York

MOODY'S Investor Service, the US rating agency, is reviewing the long-term debt of Eli Lilly, the US pharmaceuticals group, for possible downgrade from its current Triple A rating.

Moody's said the review was provoked by concerns the company's product pipeline might not generate enough revenues and profits to justify the agency's highest rating. About \$900m of long-term debt of Lilly and guaranteed entities would be affected.

The review comes after last week's abrupt resignation of Mr Vaughn Bryson, Lilly's chief executive, who had been in charge for just 20 months.

Mr Bryson took the blame for Lilly's disappointing sales and product development, losing out in a boardroom struggle. He was replaced by Mr Randall Tobias, a well-regarded vice-chairman at AT&T.

Lilly this week suspended trials of the anti-viral drug Fialuridine (FIAU), once thought to be a potential money-spinner. The drug, seen as a possible cure for hepatitis B, was licensed by Lilly last year. It halted trials after adverse side-effects, and will conduct further studies before deciding whether tests will resume.

Moody's said: "Without FIAU, Lilly's new product line is unusually lean for the intermediate term and may be hard-

pressed to offset the maturity of the existing product portfolio."

It said the debt review would assess Lilly's product pipeline, prospects for profitability, and the impact on capital.

Lilly is heavily dependent on sales of the anti-depressant, Prozac, which faces increasing competition, and the anti-histamine, Ceclor, which lost part of its patent protection last year, and will lose the rest in 1994. Sales of new drugs, such as Lorahid, an intended replacement for Ceclor, have not taken off.

Lilly reported operating profits of \$373.5m in the first quarter, 16 per cent down on the same period in 1992.

Nortel management reorganised

By Robert Gibbons in Montreal

NORTHERN Telecom, the Canadian telephone equipment maker, is reshuffling its international management team following the departure of Mr Paul Stern, the former chairman.

Mr Jean Monty, who took over from Mr Stern as president and chief executive in spring, has promoted several long-serving officers to top strategic positions.

Analysts say this is only the first wave of a broad management restructuring. More

changes are due shortly as Nortel moves to shore up its worldwide utility customer base, rebuild labour relations, and restore investor confidence.

The group stock has fallen about 20 per cent in heavy trading on North American exchanges following Mr Monty's warning a week ago that the company would report a second-quarter loss after special charges.

The leading appointments are: Mr Roy Merrills, head of the US subsidiary, becomes execu-

tive vice-president of a new Americas division and responsible for all marketing in North and South America and the Caribbean.

Mr Gedeas Sakus, now head of the Canadian subsidiary, will head switching equipment operations worldwide, in charge of both manufacturing and product development. He replaces Mr Alan Lutz.

Mr James Long, now head of the Asia-Pacific subsidiary in Tokyo, becomes executive vice-president of a new division responsible for Europe, Asia and the Middle East.

Rohm to claim royalties from Intel

By Louise Kahoe in San Francisco

ROHM, a Japanese semiconductor maker, said its US subsidiary would claim royalty fees from Intel of the US and other manufacturers of "flash memory" chips.

The move follows a US court ruling in a patent dispute between Rohm and Intel.

Exel Microelectronics, a division of Rohm's US subsidiary, said the US Court of Appeals had set aside an earlier decision by the US Patent Office

granting Intel "priority" on the flash memory patent. The issue has been referred back to the patent office.

"No makers can make flash memories without using Rohm's patent," Mr Junichi Shikida, managing director of Rohm's semiconductor operations, said.

Intel, however, said it expected the patent office to reaffirm its earlier ruling. The process could take one to two years.

It said: "We don't believe that Rohm has a basis upon which to collect royalties."

Flash memory chips represent the fastest growing segment of the memory chip market. Although world sales last year were only \$310m, analysts project "explosive growth", to \$2.5bn by 1997.

Flash memory can be used as an alternative to personal computer disk drives for storing programs and data. The chips are smaller, lighter and more rugged than magnetic data storage devices and are beginning to be used in the latest pocket-sized and notebook computers.

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Surprise German rate cuts prompt profit-taking

By Peter John in London and Patrick Harverson in New York

SURPRISE cuts in Germany's key interest rates yesterday signalled a wave of rate reductions throughout Europe and prompted profit-taking in government bond markets.

The Bundesbank had been under intense pressure to ease rates for some time both within the market and also from the international community.

GOVERNMENT BONDS

The central bank's perceived desire to double bluff the markets and its will to maintain its independence from French pressure were seen as cogent reasons why it might delay any changes until the next meeting on July 15.

But when the Swiss National Bank cut its discount rate by half a point to 4.5 per cent, the market was fully prepared for a German move.

The Bundesbank's reduction of its key discount lending rate by half a point, to 6.75 per cent, and of its Lombard rate by a quarter of a point, to 8.25 per cent, was seen as bowing to the inevitable.

The Bundesbank also cut its repo rate by 28 basis points to 7.3 per cent.

The central bank gave a favourable exchange rate as the rationale for cutting, but most economists felt this was

disingenuous and argued that the broadcasting of the government's spending cut proposals provided the main impetus.

Mr Neil MacKinnon, economist with Citibank, said the government's proposed DM25bn in spending cuts were not big enough.

"I think we will see further rate cuts in the months ahead. Much depends on money supply growth and inflation but I forecast a discount rate of 5 per cent by the end of the year," Mr MacKinnon added.

Bund futures for September were sold down half a point to 96.36.

Meanwhile, it was announced in Frankfurt that Treuhänder, the agency charged with the privatisation of former east German assets, would launch a new 10-year bond on Tuesday.

THE GERMAN move could give France an opportunity to reduce its own rates next week, but the immediate reaction in the French government bond market was sharp profit-taking.

September futures on the market fell just under half a point to 119.38, with dealers saying a French easing was already priced into the market.

One economist said that investors had heavy positions in French OATs and were looking for the next rising market.

There are various comparable benchmarks for short-term benchmarks, but a number of

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	July 1	June 30	June 29	June 28	June 25	June 24	Year High * Low *
Govt Bonds (100)	97.43	97.22	97.13	97.20	96.88	96.80	96.04 93.28
Fixed Interest	115.42	115.24	115.14	115.43	114.60	105.77	115.42 102.87
Based 100: Government Securities 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COMPANY NEWS: UK

Services group to benefit from European unity Hays expands in £32m German acquisition

By Andrew Bolger

HAYS, the UK business services group, has furthered its pan-European ambitions by acquiring a national distribution business in Germany.

Hays will pay an initial £32m in cash for a 75.1 per cent stake in Mordhurst, a private company with more than 500 employees and operations throughout Germany, including the former East Germany.

Mordhurst, based in Kiel, specialises in multi-user warehousing and next-day delivery for manufacturers of car parts, agricultural chemicals, oils, office products and wine and spirits.

Mr Ronnie Frost, executive chairman of Hays, said: "We believe that the current recession in Germany will accelerate the trend towards the use

of third party distribution contractors such as Mordhurst, as has been the case in the UK and France."

Hays, which in the UK distributes for retailers such as J Sainsbury and Marks and Spencer, last year paid £37.5m for Fril, a French distribution company with a national network.

Mr Frost said: "We will now be able to offer pan-European manufacturing and retail customers a comprehensive distribution service operating on both a dedicated and multi-user basis."

Last year Mordhurst made pre-tax profits of £8.5m on turnover of £84.8m. It has net assets of £10m and borrowings of £8m. The acquisition will increase Hays' gearing from 30 to 55 per cent.

The remaining 24.9 per cent

of Mordhurst's equity is owned by Mr Hermann Rothert, managing director, who will continue to run the business. Hays has a profit-related option to acquire his stake from 1996, for a maximum of £34m.

Mr Frost said: "As Germany recovers from recession, we expect the economies of eastern Europe to grow particularly strongly. German manufacturers will take advantage of this growth and are expected increasingly to use third party contract distribution specialists to provide an efficient service throughout Germany and into eastern Europe."

On current trading, Mr Frost said a number of the group's businesses had seen clear, measurable signs of recovery in the UK.

Hays shares closed 5p higher at 239p.

ICI to get £235m in swap with Du Pont

By Paul Abrahams

IMPERIAL CHEMICAL Industries, the UK group, and Du Pont of the US, yesterday announced the completion of the swap of their respective fibres and acrylics operations.

ICI will be paid up to £235m because of the difference in value between the two businesses. This is less than the £250m mentioned at the time the deal was first struck in April last year because of the deteriorating market for European fibres. ICI stressed yesterday it was exiting a business that loses money for one that makes it.

The British company will receive £100m shortly after the deal is completed. A series of deferred payments totalling £110m will follow between 1994 and 2002. There is also a performance related payment of up to £25m if turnover at ICI's nylon textile filament business meets agreed targets between 1994 and the end of the decade.

The disposal of ICI's nylon business and associated costs will lead to an exceptional pre-tax loss of about £70m. ICI loses about 5,200 employees from the deal, while it recruits about 350 from Du Pont.

The deal had been delayed by the US Federal Trade Commission. The FTC has insisted that ICI divests to a third party a proportion of its downstream services polymer production. It is understood that this will affect one US plant which was not acquired as part of the deal. ICI already has two American acrylics operations, K-S-H, which it bought in 1989, and Continental Polymers which it acquired in 1991. Both manufacture acrylic extruded sheet and moulding polymer.

Du Pont's acrylics business, had turnover last year of about £200m. The assets, stock and goodwill of the business, which is profitable, was estimated at £180m-£190m.

ICI's fibres operations had a turnover of £385m last year, and incurred a loss of £13m. Assets, stock and goodwill were valued at about £360m.

Asda Property calls for £16.3m

By Vanessa Houlker, Property Correspondent

ASDA PROPERTY Holdings yesterday announced a £16.3m rights issue on a 2-for-5 basis to finance more property deals.

The Davidson family, which owns a controlling stake, will not take up its rights entitlement which will be placed with institutions. Its stake will be reduced from 56.5 per cent to 40.4 per cent.

The cash call involves the issue of 32.4m shares.

The group is gradually pulling out of the tenanted residential sector, which accounts for

just 10 per cent of its holdings. It has reinvested the money in commercial property, which has absorbed £42m in new acquisitions since September 1991.

The rights issue will reduce the company's gearing from 135 per cent (treating convertible preference shares as debt) to 85 per cent. However, Mr Tony Roscoe, managing director, said Asda was expecting to make about £30m of acquisitions by the end of the year which would push gearing back to its pre-issue level.

"The board believes that the combination of a large number

of unwilling holders of property and the relatively small number of well-financed active property companies specialising in the smaller end of the sector will mean that further attractive opportunities to make selective acquisitions will be available," it said.

COMMENT

Despite the glut of rights issues from property companies that need to be absorbed by institutions, Asda's cash call will probably be well received. The company is generally well liked in the City, having made some shrewd

investments at the bottom of the property cycle. This issue will give it the opportunity to make another £30m of acquisitions, which will be focused on small, high yielding property where there is scope to improve value by active management. The issue involves a relatively modest dilution of Asda's assets of about 2 per cent. The Davidson family's decision not to take up a rights issue may benefit the company in that it will increase the liquidity of the shares. Where the company's other shareholders are concerned, the issue is likely to be supported.

London & Met talks to banks again

By Paul Taylor

LONDON & METROPOLITAN, a property company with negative net worth of £54m, has begun discussions with its bankers aimed at securing agreement on its second financial restructuring in three years.

The company, which has debts of £120m, said yesterday that the discussions with its banks, led by the Bank of Scotland, were "proceeding satisfactorily".

In a statement which accompanied the 1992 results, which showed reduced losses, the company said it hoped an agreement could be reached "expeditiously", and that

details of the restructuring would be available by the end of August.

The latest discussions were made necessary by the increase in negative net worth from £44m at the end of 1991, and because the banks' loans and working capital facilities expired at the end of June having been extended for a year last summer.

The company has been struggling since a £100.3m loss in 1990, mainly reflecting provisions against falling property values.

At the time the banks accepted warrants in return for injecting new working capital, converting unsecured debt into five year debt and extending their secured debt.

Yesterday the group reported a reduced operating loss on continuing operations of £7.4m in the year to December 31 compared to a £13.7m loss the previous year. Turnover fell to £26.5m (£28.4m).

Net interest costs fell slightly to £12.3m (£12.3m) producing a pre-tax loss on ordinary activities of £19.6m (£26m). The loss attributable to shareholders was £17.2m (£25.3m) and losses per share dropped to 30.2p compared with 44.3p a year earlier.

Policy Port joins market in placing

Policy Portfolio, a market-maker in second-hand endowment policies, is joining the main market via a placing of 3.6m shares at 130p per share.

The company will have a market capitalisation of £10.4m at the placing price. Exactly 2.5m new shares are being issued, raising £2.5m for the company after expenses, with 1.1m shares being sold by existing shareholders.

Following the placing, the Rubin family and associates will control 54 per cent and have undertaken not to sell further shares until January 1 1995.

Pre-tax profits have increased from £245,000 in the year ended March 30 1991, to £217,000 in the year to end March 1993. At the placing price, the shares are on a p/e ratio of 13.3.

The directors expect to recommend a dividend of 4.5p in the year to end March 1994, putting the shares on a notional gross dividend yield of 5.8 per cent.

Field oversubscribed and goes to ballot

By Maggie Urry

THE PUBLIC offer for sale of shares in Field Group, the cartoon maker, was 7.4 times subscribed and smaller applications will go into a ballot for shares.

Ballots are generally used in cases of heavy oversubscription for new issues, and were frequently used at times when the flotation market became overheated.

Bankers yesterday were trying to recall when a ballot was last used, giving examples such as the flotations of Harry Ramsden's, the fish and chip shop, in 1989 and Thorntons, the chocolate retailer, in 1988.

The group offered 12.1m shares to the public after placing 23.5m shares with institutions. There were 46,290 applications in the public offer for a total of 69.7m shares.

When the issue was priced at 250p a share some analysts said the pricing was on the high side, giving an historic p/e of 17.7.

Dealings will start on Wednesday July 7.

Mr Keith Gilchrist, chief executive, said he was pleased with the response. Field and its advisers had run various methods of allocating the shares through a computer but could not find a way to allocate economic quantities of shares without a ballot.

Applications for 200 to 500 shares will go into a weighted ballot for 200 shares, and applications for 750 to 3,000 shares will be in a weighted ballot for 400 shares.

Higher applications will be scaled down, with 3,000 to 10,000 share requests getting 13.5 per cent of the amount, and applicants for 15,000 to 500,000 getting 10 per cent.

Applications above 500,000 will get nothing.

Over half of those who applied will get something, but those in the ballot have about a one in three chance of success.

Cheques submitted for unsuccessful applications will not be cashed.

Credito Italiano S.p.A. 1992 results

FINANCIAL HIGHLIGHTS FOR THE YEAR

	Lit. in billions	Pounds Sterling in thousands
LOANS & ADVANCES	45,466	20,430,393
CUSTOMER DEPOSITS	41,391	18,599,269
SHAREHOLDERS EQUITY & PROVISIONS (after distribution of profit)	5,597	2,515,042
TOTAL ASSETS	102,874	46,226,987
GROSS PROFIT	1,123.3	504,761
plus:		
Extraordinary items	62.2	27,950
Taxation	260.1	116,877
Write-downs	243.0	109,193
Depreciation & Provisions	474.1	213,039
NET PROFIT	208.3	93,601

The year ended December 31, 1992 closed with a net profit of Lit 208.3 billion. Lit 68 billion has been appropriated to Reserves.

The dividend for the year on ordinary shares will be Lit 85, while the dividend paid on savings shares will be Lit 100.

The countervalues in Pounds Sterling have been calculated applying the reference rate determined by Banca d'Italia on December 31, 1992, i.e., Pound Sterling 1.00 = Lit 2,225.41.

Credito Italiano is a member of The Securities and Futures Authority

Credito Italiano
Head Office - Piazza Cordusio - 1 - 20123 Milan

FT-SE Actuaries Share Indices changes

By Norma Cohen, Investments Correspondent

IT HAS been an irony of index fund management that the total returns of fund managers depended to a certain extent on just who was measuring.

Thus, the daily publication starting today of the FT-SE and FT-Actuaries indices showing total returns represents an effort by the two main performance measurement services to agree on the best way to measure it.

For the 1992 calendar year,

for instance, Combined Actuarial Performance Services calculated the total return of the FT-SE All-Share Index at 20.8

while WM Company, its leading competitor, calculated it at 20.4 per cent. In previous years, the divergence has been as wide as 0.4 per cent - a significant divergence for fund managers who promise to track the index within 0.1 per cent of its total return.

"It is all about accountability," said Mr James Woodcock, managing director of Barclays de Zoete Wedd Investment

Management, the UK's largest index-tracking fund manager.

"I have frequently been asked at trustee meetings to explain the divergence between our own performance and that of the index," he said.

The most significant factor has been the assumptions made about reinvestment. "If I know how the index is calculated, I can run my reinvestment on that same basis."

Thus, publication of clearly defined and uniform criteria may cause some shifts in the way passive index-tracking

fund managers handle assets under their control.

Mr John Clapp, chief executive of CAPS, said that the chief distortion in calculations of total returns may have come during periods when dividends were rising sharply. "The use of gross dividend yield in a period when dividends are rising sharply will underestimate the total return."

CAPS intends to retroactively calculate its indices back to 1987 so that pension fund trustees may form a different view of performance, he said.

EGM called at Seaford

WATERGLADE International

Holdings, the property group, said that one of its wholly owned subsidiaries and other shareholders of Seaford had requested an extraordinary general meeting to consider boardroom changes.

The meeting would seek the removal from the board of Mr Brian Chilver, chairman, Mr David Burke and Mr David Sta-

cay, and the appointment to the board of Mr David Cunningham, Mr Thomas Megaw, Mr Peter Voller and Mr David Grove, who are directors of Waterglade.

On Wednesday Seaford, the Dublin-based transport, warehousing and property group which is negotiating a restructuring, reported halved pre-tax losses of £11.1m for 1992.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
BPS Inds	4.8	Aug 20	7.25	7.5	11.25
Compo	12.96	Aug 20	12.96	12.96	12.96
Eurocamp	3.45	Aug 27	3.45	3.45	3.75
Globe View S	4.51	Oct 1	3.75	7.5	6.75
IAS Optimum Inc	1.85	Aug 3	1.85	7.4	7.25
Partridge Fine	1.2	Sept 6	1	2.25	2.25
Quayle Munro	3	July 29	1	4	4
Southern Elect	14	Oct 13	11.78	18.3	16.66
TR Technology	1.75	Aug 26	1.75	1.75	1.75
Unesco S	1	Aug 14	1	1.75	1.75

Dividends shown pence per share not except where otherwise stated. TON increased capital. SUSM stock. AFinal of 3p indicated.

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In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from July 2, 1993 to January 4, 1994 the Notes will carry an interest rate of 4.0625% per annum. The interest payable on the relevant interest payment date, January 4, 1994 will be U.S. \$20.99 per U.S. \$1,000 Note, U.S. \$209.90 per U.S. \$10,000 Note, U.S. \$2,098.98 per U.S. \$100,000 Note and U.S. \$2,098.98 per U.S. \$250,000 Note.

By: The Chase Manhattan Bank, N.A.
London, Agent Bank



July 2, 1993

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Shares fall 28p on warning of full year setback Eurocamp hit by sharp downturn in bookings

By Maggie Urry

A 15 per cent fall in the market for self-drive camping and caravanning holidays from the UK to France has hit Eurocamp, which warned yesterday that annual pre-tax profits would fall by 30 to 35 per cent from the £9.4m recorded in 1992.

In the half year ended April, Eurocamp, the market leader, saw pre-tax losses up slightly from £4.98m to £5.12m.

The shares dropped 28p to 203p on the news, although the interim dividend is held at 3.45p and the group said it would be cash neutral during the year.

Mr Tom Neville, chairman, said that booking volumes were 5 per cent down for the 1993 summer season. Earlier in the year the group decided to maintain its capacity in hope of a late booking surge, but this had not happened with the consequence that occupancy rates fell by 8 per cent.

Mr Richard Atkinson, managing director, said sales for June and July had been particularly poor. Holidaymakers

had been put off by the fall in the pound against the French franc, and the poor weather in France in 1992.

Mr Gordon Harman, finance director, said the fall in UK bookings had been partly offset by a 5 per cent rise in bookings from the Netherlands and Belgium and a 10 per cent increase from Germany and Switzerland.

The fall in occupancy rates had a "material effect on profits," Mr Harman said. However, he added that at 96 nights out of a 115 night season, the occupancy level was still high by industry standards. The break-even rate was 35 nights, he said.

The forecast fall in profits would leave margins at about 11 per cent against 15.5 per cent last year. Mr Harman said that it was now unrealistic to expect to regain the group's historical level of margins, although some recovery was looked for in 1994.

Mr Atkinson said the group was looking at cost control, though it did not want to compromise on its standards of tents and mobile homes which

are higher than its competitors. It would have to address customers looking for value, though would not chase those only concerned with the lowest price.

Operating losses were £4.87m (£4.57m) and net interest costs were down from £392,000 to £266,000. Losses per share were 13.2p (12.9p).

COMMENT

Eurocamp has found the competition tougher in a declining market and will have to demonstrate a strong response before investors can become enthusiastic about the shares. The lead times in the business mean that it will be next March before there are firm signs about 1994 bookings.

Before then Eurocamp has to fix its brochure process, with a structure tailored to address the problem of poor mid-season bookings. The forecast fall in profits suggests an outcome of about 28.35m, and a prospective p/a of 12.5. Unless everything is gloomy the final dividend should be maintained giving a yield of 6.4 per cent covered 1.6 to 1.7 times.

Hillsdown first-half trading on target

By Maggie Urry

HILLSDOWN Holdings yesterday issued a trading statement saying that first half profits were likely to be "very much in line with the budget for the period".

The shares rose 7p to 144p. One stockbroker explained the reaction to a seemingly innocuous statement saying, "it was the first in-line trading statement from Hillsdown in years".

Hillsdown is the latest of a series of companies which have put out trading statements to avoid any suggestion that they are giving price sensitive information to a select audience.

The company's half year ends on June 30 and it is seen by analysts next week. It felt that in the light of recent events - such as the Stock Exchange censuring London International Group when it briefed analysts on profits ahead of announcing results - it was better "to err on the side of caution".

Hillsdown said that operating profits from continuing businesses would be not less than £80m in the half year, compared to £81.8m in the first half of 1992.

It also restated last year's interim results restated on an FR3 basis, to give analysts a base to work from. These showed pre-tax profits of £74.8m rather than the £78.1m originally published.

Shamrock on bumpy flight path Tim Coone looks at the proposed rescue package for Aer Lingus

THE CORPORATE rescue plan for Aer Lingus, Ireland's state airline, still languishes in a government in-tray two weeks after Mr. Barnie Cahill, executive chairman, presented it for cabinet approval with a warning that urgent and drastic action was needed if the airline was to survive.

The airline is losing money faster than a Jumbo jet burns aviation fuel - £120 a minute, £1.2m per week - and its bankers have threatened to shut off the financial fuel taps next month unless a restructuring plan is rapidly put in place.

The core of Mr. Cahill's plan, drawn up with Mr. Peter Owen, the chief executive who was a former senior executive of British Airways during its preparation for privatisation, is to cut operating costs of the air transport division by some 10 per cent, or £50m (£48m) annually, to radically overhaul working practices and to scrap the controversial Shannon stopover to allow direct flights between Dublin and the US.

A one-off £175m cash injection from the government is being sought.

About 70 per cent of the savings would be achieved through payroll cuts involving 1,280 redundancies from the airline's 5,500 staff employed worldwide.

The remainder would be achieved through improved operational efficiencies.

Not surprisingly, the government has been faced with intense lobbying to drastically modify the plan.

Pressure has come mostly from trade unions and supporters in the west of Ireland of the Shannon stopover, although the two coalition parties in government have also spilled into the open, as electoral promises made last year - especially by the Labour party - will be blatantly broken if the plan goes through as it stands.

based at Dublin, the airline's Boeing 747 fleet would in future turn round at Shannon, but make a stopover at Dublin. Direct flights to the US from Dublin could thereby be offered, which would link up with feeder flights from the airline's European network.

That was expected to be more attractive to business travellers which the airline

tion of the European network with the creation of an "Aer Lingus express" division which would offer a cut-rate, no-frills service on certain routes which face intense competition such as Dublin-London.

About 40 per cent of Aer Lingus' passengers travel this route, but each one is losing the airline money at present due to stiff competition from Ryanair and British Midland.

Aer Lingus said: "We want to create a price-driven operation to be able to react to challenges in an opportunistic way. If we get our cost-base right we can compete, and we might even expand routes rather than contract them. Price wars are a fact of life."

Strategic alliances with other airlines are also under serious consideration "once we are in a stronger financial position," the company said.

A gradual disposal of non-core assets such as the Cypriot Hotel group would play a vital part in reducing the £550m debt burden and interest payments which were currently running at close to £80m per year.

Aer Lingus' survival as an independent airline thus hinges on some speedy, but politically difficult, decisions to be made by the government.

For most Irish people the disappearance of the "shamrock in-the-sky" would be unthinkable, but if Mr. Cahill and Mr. Owen have done their sums correctly that could indeed be the outcome if their plan is now rejected or substantially modified for reasons of political expediency.

AER LINGUS					
Pre-tax profits (losses) year-end March (£m)					
	88-89	89-90	90-91	91-92	92-93
Air transport division	2.8	(8.3)	(19.6)	(8.6)	(47)
Group	40.1	39.1	6.8	(3.1)	(173)

Source: Aer Lingus

Significantly, Mr. Cahill stepped outside of his brief in recommending an end to the Shannon stopover, and has made no apologies for doing so. He told trade union representatives last weekend that the airline would be unlikely to survive without the change, as 65 per cent of Dublin-US traffic was now being routed via the UK and being lost to Aer Lingus.

Will the plan be sufficient to turn the airline around? Its critics argue that by opening up Dublin to direct flights to the US, reciprocal arrangements will have to be offered to stronger competitors who will be able to undercut Aer Lingus.

The novel aspect of Mr. Cahill's proposal is that the Shannon stopover would be modified rather than totally abandoned. Instead of being

desperately needs to attract to boost the average fare obtained for each seat sold, and to win back passengers who have deserted Aer Lingus to UK hubs.

The catch for the transatlantic competition is that they could be offered reciprocal direct-flight arrangements to Dublin as long as they also serve Shannon like Aer Lingus.

What Aer Lingus does not yet appear to have worked out though is whether such an obligation could be enforced under existing bilateral aviation agreements with the US, or indeed whether it would be possible to maintain in the climate of EC deregulation of the airways.

The company has no answer to this at present.

Another key element to the rescue plan is the reorganisa-

NEWS DIGEST

Golden Vale buys in the Netherlands

GOLDEN VALE, the Irish dairy group, is acquiring Irish Food Holland, a producer of processed cheese, for a maximum £123m (£83m). Golden Vale is taking on Vonk's debts of £154m.

In a separate deal the Irish group is to acquire a 61 per cent interest in Vonkpol, a processed cheese manufacturer established in Poland, for a maximum £131m.

Vonk's 1992 management accounts showed turnover at £124m and pre-tax profits of £12.6m. Net tangible assets amounted to £13.2m.

The 1992 management accounts of Vonkpol showed turnover at £117.7m and a loss before tax of £17.7m.

months earlier. For the zero dividend preference shares the figures were 176.81p and 151.71p and for the stepped preference shares 126.92p and 120.99p.

Net revenue for the year to the end of April was £3.19m (£3.26m) for earnings per share of 2.7p (£1.8p). The proposed interim final dividend is maintained at 1.75p.

Glenchewton

Glenchewton achieved significant profits in the second half of 1992 and reduced the year's loss to £51,000. That compared with a deficit of £275,000 in the 8 months to December 31 1991. Sales totalled £28.2m (£20.6m) and losses per share worked through at 0.73p (£1.54p).

Gypsum Industries

Gypsum Industries saw pre-tax profits decline from £24.36m to £23.74 (£23.58m) over the 12 months to March 27. Turnover dipped from £233.2m to £222.5m. Earnings per share were 44.86p (£4.94p).

Umeco

Umeco, the USM-quoted maker of aircraft refuellers and aerospace components distributor, reported pre-tax profits of £211,000 for the year to March 27, against £312,000.

An extraordinary charge of £265,000 (£710,000), relating to reduced property values and disposal of a business, left an attributable loss of £213,000 (£569,000).

Turnover was £11m (£9.95m) with earnings per share of 2.27p (£3.3p). A proposed unchanged final dividend of 1p makes a maintained total of 1.75p.

I&S Optimum

Net asset value at I&S Optimum Income Trust amounted to 96.02p at May 31, against a restated 97.44p a year earlier. Attributable revenue of the Income & Sine managed trust totalled £2.1m (£2m). Earnings per share were 7.25p (£8.99p).

A fourth quarterly dividend of 1.85p brings the total for the year to 7.4p (£7.25p), requiring a £44,000 (£78,000) transfer from the revenue reserve.

Bristol Scotts

Bristol Scotts saw pre-tax losses jump from £562,257 to £2.58m in 1992. Losses included exceptional charges of £1.02m, which related to the write down of residential developments, the loss on the sale of the Overtons restaurants, closure costs and the settlement of legal actions.

Turnover dropped from £11.5m to £10.1m. Interest paid took £1.41m (£1.9m), attributable losses came to £2.66m (£269,753) and deficit per share to 45.43p (£4.99p).

Gresham Telecom

Gresham Telecomputing, the USM-quoted software design group, lifted pre-tax profits from £294,000 to £419,000 in the half year to April 30.

After eliminating the discontinued hardware broking operation turnover was virtually unchanged at £3.06m.

Earnings per share were 0.86p (£0.7p).

Partridge Fine Arts

Partridge Fine Arts, the New Bond Street-based dealer in antique furniture and objets d'art, lifted pre-tax profits from £987,000 to £1,056m in the year to April 30.

Turnover improved from £4.88m to £5.85m. Operating profits edged ahead to £1,04m (£1,01m).

Earnings per share rose to 3.22p (£3.94p) and the interim dividend is raised to 1.2p (1p).

Compco

Compco Holdings, the property investment and development group, lifted pre-tax profits by 17 per cent, from £171,257 to £200,140, in the year to March 25.

Rental income from property improved to £21.1m (£2m).

The proposed single final dividend is held at 12.96p, uncovered by earnings per share 2p higher at 7.33p.

WB Industries

WB Industries, the West Bromwich-based spring manufacturer, saw losses reduced to £557,000 in the six months to June 30 1992.

The outcome, on turnover of £3.94m (£4.94m), compared with a deficit of £1.01m last time, partly reflecting lower interest charges of £185,000 (£378,000). Losses per share worked through at 10.24p (£18.88p).

Silvermines

Losses at Silvermines, the Dublin-based electrical and property group, deepened from £23.59m to £23.23m (£2.1m) in the 1992 year.

There were exceptional items of £2.73m (£2.69m) and extraordinary charges of £26.48m (£13.88m).

Turnover amounted to £265.8m (£241.7m) with continuing operations accounting for £21.8m. Losses per share came through at 11.01p (£9.71p) and there is no final dividend, leaving the total at 1p (2p).

TR Technology

TR Technology, the investment trust, reported net assets per ordinary share of 172.28p at April 30, against 111.85p 12

Crest Nicholson reduces interim deficit to £3.9m

By Andrew Taylor, Construction Correspondent

CREST Nicholson, the Surrey-based housebuilder, incurred a pre-tax deficit of £3.9m in the six months to April 30.

The outcome compared with a restated loss of £4.39m last time; figures for both periods were calculated on the basis of the new FRS 3 accounting standard.

Directors said that in the light of the outcome they had decided it would not be appropriate to pay an interim dividend but would review the position at the end of the year. After all deductions, the group incurred a retained deficit of £3.7m (£4.55m), equivalent to losses per share of 4.84p (£5.96p).

Mr John Callcutt, chief executive, said the group had made a loss despite a "robust improvement" in the UK housing market since the new year.

Housing sales and reservations were up about 15 per cent since the end of October. The rate of recovery, however, had

slowed since the end of May.

Housing operations made a pre-tax profit of £1.45m, against losses last time of £1.64m. Mr Callcutt said that this was a creditable performance given that the first half, traditionally, is weaker for house sales.

The results were also helped by a 20 per cent reduction in overheads compared with a year ago.

Crest was let down by its commercial property operations which incurred a £3.5m pre-tax loss (£1.5m loss) and by its construction division which lost £255,000 compared with profits of £2.55m.

The market for commercial property had improved in recent weeks. During the past three months Crest had agreed to let or sell 161,000 sq ft of the 263,000 sq ft of premises either built or under construction.

Mr Callcutt said most of the deals were for letting but this should make the sale of the properties easier to achieve.

Sale proceeds would be used to reduce net debt, which by the period end had climbed from £54m to £72.1m, equivalent to a rise in gearing from 53 per cent to 71 per cent. Borrowings were well within the company's bank facilities of £150m, said Mr Callcutt.

Despite the rise in debt, interest charges were reduced from £3.73m to £3.29m reflecting lower UK interest rates.

COMMENT

Crest's performance in surviving the recession intact is to be congratulated. Borrowings, which at one stage exceeded £110m, have been steadily reduced through property disposals, land sales and sales of non-core businesses. It is a case of so far so good. Further progress will depend upon the company's ability to make additional property sales to reduce debt to a target level of £50m. It may also need some housing land sales if it is to make pre-tax profits of £2m this year to justify payment of a small final dividend. There is still ground to be made up and those wishing to invest in a housing recovery may get better value by looking elsewhere.

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24th June, 1993 Robin Fleming
Chairman

ROBERT FLEMING HOLDINGS LIMITED

Financial Highlights for year ended 31st March, 1993

	1993	1992	
Profit before tax but after transfer to inner reserves	£101.6m	£76.6m	+ 33%
Dividends per share	38.0p	33.0p	+ 15%
Earnings per share	142.6p	116.1p	+ 23%
Shareholders' Funds	£441m	£361m	+ 22%

FLEMINGS

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HunterPrint shares fall 17p as talks end

By Paul Taylor

SHARES IN HunterPrint yesterday fell 17p to 50p after the specialist printer announced that talks with a possible bidder had ended.

The Corby-based company, which ousted Sir Ian MacGregor, its former chairman, in August and pushed through its second refinancing package in two years in December, was forced to reveal that it had been contacted by an unidentified potential bidder after a sharp rise in its share price in early May.

The board, however, yesterday issued a brief statement saying that "the talks resulting from these contacts had been inconclusive and have consequently been terminated".

Last year HunterPrint reported £12.3m of losses on turnover of £52.2m.

However, in the six months to end-March, the group managed a turnaround to profitability following the refinancing with pre-tax profits of £330,000 on sales of £26.6m.

The complex December refinancing package, including a £20m placing and offer, was put together by Mr Jeff Samson, chairman, and Mr Tony Caplin, chief executive.

It raised a net £18.3m and was mainly designed to reduce lease obligations on printing machinery at the Corby printing plant.

New investors, including lenders, picked up 47.1 per cent of the 40m shares issued and as a result of the refinancing, Ferag, a Swiss company which supplied binding machinery to the Corby factory, became HunterPrint's largest shareholder with 6.9m shares, equivalent to an 11.9 per cent stake.

Acquisition helps Gibbs Mew to near doubled profits

By Graham Deller

GIBBS MEW, the family-controlled brewer and commercial property group, which last year fought off a hostile bid from Brierley Investments, yesterday reported a near-doubling of annual profits.

On group turnover of £28.7m (£30.1m pre-tax profits for the 53 weeks to April 3 advanced from £23.3m to £12.3m. The outcome was buoyed by a six month contribution from UK D which accounted for turnover of £7m and operating profits of £471,000.

The core brewing, wholesaling and retailing side lifted operating profits by 11 per cent to £2.16m although bad trade, loan and debt provisions amounting to £282,000 were taken as an exceptional charge.

Mr Peter Gibbs, chairman, said that sales of Deacon, the group's new cash beer, were "most encouraging". The trading environment for both tenants and managed houses, however, remained "testing".

As stated at the interim stage, costs of £129,000 relating to the bid defence were taken below the line, leaving attributable profits of £948,000 (£657,000). Brierley Investments, which first acquired a holding in the company in 1987, has since disposed of its 19 per cent stake to a number of institutions.

Fully diluted earnings per share emerged at 15.74p (11.57p) and a recommended final dividend of 4.5p lifts the total to 7.5p (6.75p). The shares, traded on the USM, rose 13p to 263p.

Citicorp reorganises venture capital side

By Charles Batchelor

CITICORP, the US banking group, has spun off its European venture capital activities into an independent company, CVC Capital Partners.

CVC will be wholly owned by Citicorp's existing European management team.

This move will free the venture capital operations from US banking regulations which have in the past limited the scale of their activities. As a first move, CVC intends to raise at least \$150m (£100m) of new finance on top of the \$550m already available.

The bank has specialised in financing medium-sized and large management buy-outs, often involving businesses with activities in several countries.

Citicorp has signed a long-term agreement to provide funds to CVC, said Mr Michael Smith, managing director of venture capital operations. He declined to disclose exact figures but the \$550m package available comprises this Citicorp commitment, the existing venture capital portfolio and \$150m of funds raised two years ago.

The creation of a separate venture capital management company will allow "some enhancement" of the earnings of the management team, said Mr Smith. Bank-owned venture capital companies frequently have difficulty matching the remuneration packages of independent funds though Citicorp had a competitive earnings package, he said.

Nine of Citicorp's 36 European venture capital executives will become shareholders in the new company.

Mr Peter Burnin, managing director of corporate finance at Citicorp, said the new arrangement brought its venture capital business into line with common industry practice.

CVC has yet to decide whether to cast its investment in the form of a fund, with a limited life, usually of 10 years, or become a company, with no time limit on its activities, said Mr Smith.

Videojet specialises in continuous or industrial inkjet printing. Its systems are designed to print numbers, letters, barcodes and graphics on almost anything and are sufficiently delicate to print on fresh eggs and accurate enough for telephone cabling.

Industrial inkjet printers differ from their office equivalents in robustness and speed. They are the only machines capable of labelling products on ultra high speed production lines.

A small but growing niche market, it is dominated by British-owned companies. Videojet disputes overall leadership with Domino Printing Sciences, the Cambridge company, each having close to a third of the world market. Linx and another UK company, Willett, have under 10 per cent each.

The overseas competition is represented by Imaje of France with about 16 per cent, and Hitachi of Japan with 7 per cent.

The market has grown rapidly in the past few years, driven by national and international legislation demanding the marking of foods, beverages and drugs with batch numbers and sell-by dates.

"Everybody did well," said Mr Howard Whitesmith, Domino's managing director. Domino's share price reached £20p earlier this year, while Linx came to the market in October 1992 at 130p and saw the shares

advance to 220p. Now the boom has petered out and supply exceeds demand in Europe for the first time since the 1980s. Imaje, which moved ambitiously from distribution to direct sales, is losing money and shedding staff.

Domino issued a profits warning in March and Linx followed suit in May. Yesterday their shares were trading at 430p and 117p respectively.

However, Mr Adrian Shepherd, managing director of Videojet in the UK, does not think the inkjet printing bubble has burst. "There is a lot of business out there to be had,

although the market is becoming more competitive."

He points to the possibility of new legislation forcing producers to label eggs and a spread of opportunities in the labelling of pharmaceuticals and automotive parts.

He believes his business grew 15 per cent in the UK last year compared with 9 per cent for Domino and an estimated 4 per cent for Linx.

Hard numbers are difficult to come by in this business. The fact that Videojet's figures are not reported separately in GEC's corporate results makes analysis difficult.

Mr Whitesmith, for example, estimates that 9,000 small character inkjet printers were sold worldwide in the first half of 1993, of which Domino had a 29

per cent share and Videojet 1 per cent less. Mr Shepherd reckons the total to be 10,500 units with Videojet in the lead with 30 per cent and Domino in the high 20s.

A principal battleground is the US, where Videojet is synonymous with industrial inkjet printing, having at least 55 per cent. Domino, however, has failed to make much impression.

Domino produced gross profits up 21 per cent in the six months to April but the pre-tax figure fell from £4.6m to £3.7m. The main reason was the cost of taking on 14 additional sales staff together with support in the US, so far without much result.

Mr Whitesmith blames a reluctance to invest while US business assesses the impact of the Clinton administration.

Others argue that Domino underestimated the strength of Videojet's hold on the market.

Mr Whitesmith is confident about the coming year, pointing to strong sales in the UK and France where its blue chip customers include Citroën, the motor manufacturer, and Nestlé, owner of the Vitell bottled water brand.

Mr Keeling blames the company's likelihood of flat profits this year on competition from Videojet coupled with inexperience in operating as a public company.

"The effort of going public took more senior management attention than we anticipated. It has been a hard year and we have to do things differently."

The company recently took on an experienced senior executive from Videojet to run sales and marketing. It has performed particularly well in Japan and the Far East, now its biggest market. Hitachi, the Japanese challenger, seems content to stay on its home turf.

Given the interest in industrial labelling, the inkjet printer market seems certain to continue to expand although at a modest 10 per cent a year or so compared to the exuberant rates of 25 per cent to 30 per cent in earlier years when legislation forced the pace.

The days of easy pickings have gone. With Videojet taking the battle to Europe, Domino, Imaje and the others have a fight on their hands. If Videojet gets permission to break out its figures from GEC's results, the full extent of the threat would be revealed.

Share prices relative to the FT-SE 100 index

Domino Printing Sciences

Linx Printing Technologies

Source: Datastream

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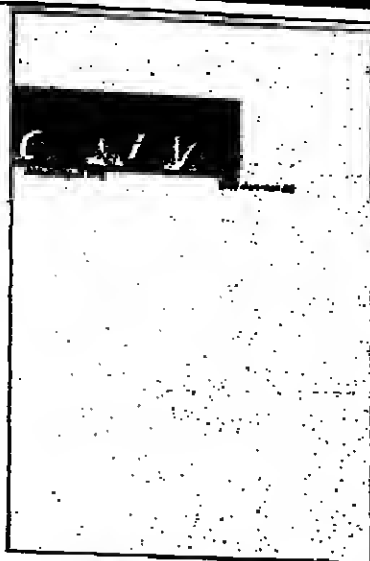
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Linx Printing Technologies

Source: Datastream

Financial Times Annual Report Service



97

VAW aluminium AG

VAW aluminium AG, a company of the VIAG Group, is Germany's largest aluminium company and one of the leading producers and fabricators of aluminium in Europe. Its production and services range from raw materials to finished products. VAW's core business concentrates on the production of specialised semi-finished products for the packaging and transport markets. In 1992, VAW successfully maintained its progress towards becoming a specialist producer in selected business areas. External sales of the VAW Group amounted to DM 5.4 billion with a net profit of DM 80 million. Capital and financial investments totalled DM 780 million in 1992. Worldwide, the VAW Group employs a workforce of over 18,000.



98

Telephone and Data Systems, Inc.

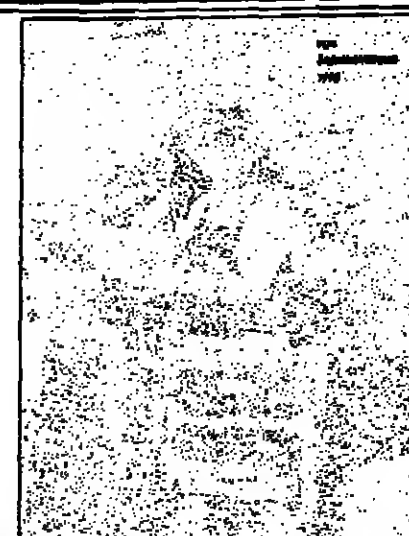
Telephone and Data Systems, Inc. ("TDS") is a Chicago-based telecommunications company with established local telephone operations and developing cellular telephone and radio paging operations. TDS strives to build value for its shareholders by providing excellent communications services in attractive, closely related segments of the telecommunications industry.



99

Tabacalera, S.A.

Established in 1945, and with a capital share of 52.36% owned by the Spanish State, its primary objective is the manufacture and distribution of tobacco products and the distribution of fiscal securities, postage stamps and other such documents. Through its associated and subsidiaries companies it is also involved in other areas such as food, distribution. Regarding its main activity, in 1992 the total net cash-flow from operations came to pias. 30,300 mn, and the profit after tax rose by a 3.5% with respect to 1991, reaching pias. 14,729 mn. The return on share holders' was 21% and the proposed dividend of pias. 205 per share (41% of par value).



100

PLM

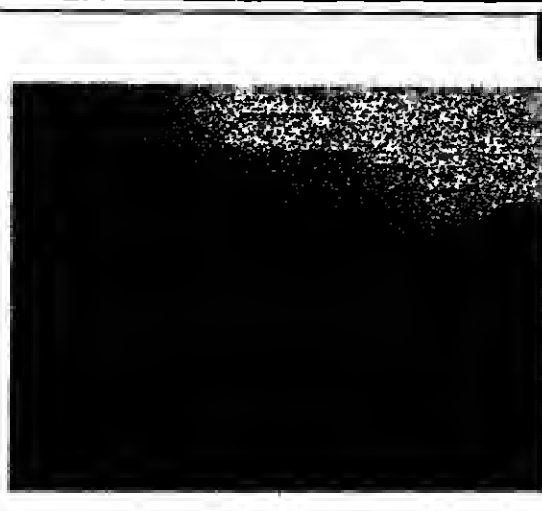
PLM manufactures and markets consumer packaging made from metal, glass and plastics, mainly for the beverage and food industries in Europe. PLM's ambition is to enhance its position as one of the leading packaging companies in Europe. The Group is divided into four divisions: Beverage Can, Food Can, Glass and Plastics. Products are manufactured at 13 factories in Sweden, Denmark, Norway, the Netherlands, Germany, Great Britain and France. PLM's invoiced sales during 1992 amounted to SEK 6,196 million, of which 78 per cent was outside Sweden. The number of employees was 6,252.



101

The Nordico Group

Nordico is the Swedish-based mother company of an international industrial group engaged in five business areas: Vegetable oils (Karlensmatt), Leather (Elmo-Calf), Materials Handling (BT Industries, BT Systems), Bathroom Products (Gustavberg), Plastics & Rubber (Gleisdorf, Gleisdorf Gummi). The Nordico Group 1992 turnover amounted to SEK 8,926 Million (USD 1,240 Million). Last year: SEK 9,161 Million (USD 1,272 Million). 63% of the Group's turnover was sold outside of Sweden. The number of employees of the Nordico Group was 7,651 (last year: 8,330) 46% of whom were employed outside Sweden.



102

TVX Gold Inc.

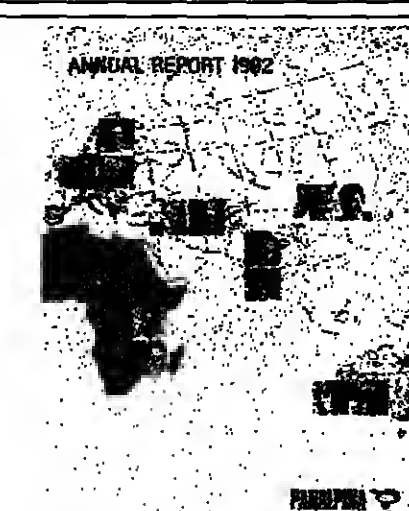
TVX Gold Inc. is a significant producer of precious metals with interests in six producing gold mines located in North and South America. Production totalled a record 406,000 ounces of gold and gold equivalent in 1992. The Company's strengths include quality reserves, long mine life, low cash costs of production and efficient new mines. It is from this base that the Company intends to pursue a strategy of focussed growth in reserves, production and earnings.



103

Control Data Systems, Inc.

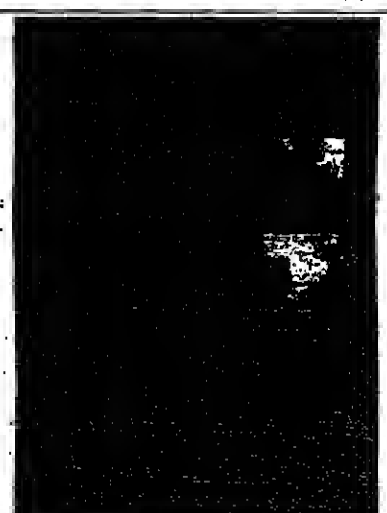
Control Data Systems, Inc. (NASDAQ: CDAT) began trading as an independent company on August 3, 1992. Control Data Systems entered the marketplace with a worldwide sales and service organization of over 3,000 employees, an installed base of 1,600 customers, and the mission to leverage its 35 years of industry experience in high-performance computing as a global leader in information technology in selected growth markets. Control Data Systems ended 1992 with a strong balance sheet bolstered by equity investments from its primary technology partners - Silicon Graphics, Inc. and NEC Corporation.



104

PANALPINA World Transport Ltd.

PANALPINA World Transport Ltd. is a leading Swiss-based forwarding group with subsidiaries and representatives in more than 50 countries on 6 continents. The group's focus on local customers' need, combined with its global know-how and fully computerised logistics, make it uniquely able to serve its clients and markets. In 1992, PANALPINA posted a record result in terms of both sales and earnings.



105

AKER

Aker is one of Norway's largest industrial groups. Its activities encompass cement and building materials and oil and gas technology. Aker holds a strong position domestically in cement and building materials and has a significant international cement business. It is also Norway's leading company in oil and gas technology, with a comprehensive range of services and a growing international presence. Turnover in 1992 increased to NOK 17,332 million. Despite difficult trading conditions in a number of its markets, Aker ended the year with a strengthened financial position. Aker had 16,300 employees at the end of 1992.



106

SHV

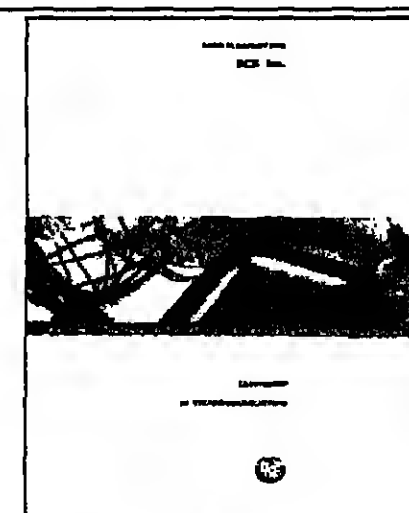
SHV, a Dutch privately held international company, is involved in two main business activities:
1st: The distribution of consumer goods under the names Makro, operating world wide in 13 countries, and Otto Reichelt, a leading supermarket chain in Berlin.
2nd: The trade in energy and raw materials, especially the distribution of liquefied petroleum gas (LPG) under the names Calor, Primagaz, Spragaz, Pam and others.
In 1992 SHV's net sales reached GBP 7.1 billion with an income of the Group of nearly GBP 300 million, employing 30,700 people.



107

Mobile Telecommunication Technologies Corp.

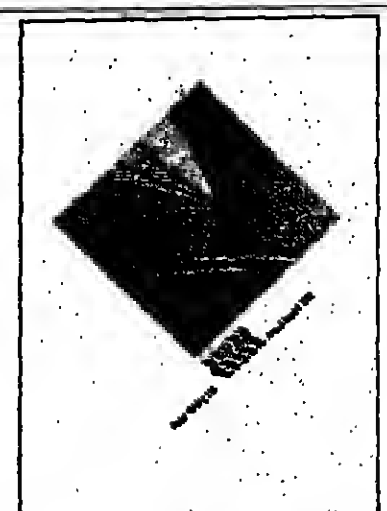
Mobile Telecommunication Technologies Corp. (NASDAQ:MTTEL) headquartered in Jackson, Mississippi, is a pioneer in wireless communications, with a focus on providing nationwide and international messaging services to business travellers. The Company is at the forefront of new technologies that integrate telecommunications with portable personal computers to serve the growing mobile workplace. Through its Washington D.C.-based SkyTel Corp. subsidiary, Mtel is the leading provider of nationwide messaging services in the United States. The Company is expanding these services to Asia, Latin America and other parts of the world using 931.9375 MHz as a common frequency.



108

BCE Inc.

BCE Inc. is Canada's largest telecommunications company. Its subsidiaries include Bell Canada, providing telecom services to 60 per cent of the country, and Northern Telecom, the leading global supplier of fully digital telecom systems. In 1992, BCE purchased a 20 per cent interest in Mercury Communications Limited, Britain's second-largest telecom carrier. BCE's 1992 earnings were Cdn \$1.39 billion on revenues of Cdn \$20.78 billion.



109

Rieter Holdings Ltd.

Rieter - a Swiss based group with global presence and approximately 1.7 Mln Sfr. sales in 1992 - is the only company worldwide, who commands the entire know-how in fibre manufacture and processing, based on both cotton and plastics. In its divisions Spinning Systems, Rieter develops and produces machines and fully integrated spinning systems. The Unifiler Division is European market leader in noise control and thermal insulation components for vehicles.



110

Bayerische Hypotheken- und Wechsel-Bank AG

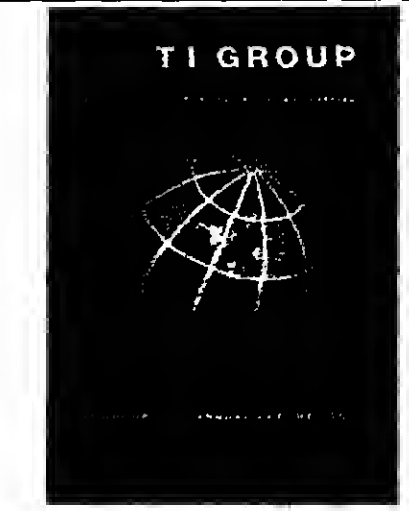
Bayerische Hypotheken- und Wechsel-Bank AG (HYPO BANK), founded in Munich in 1835, is Germany's fifth largest private financial institution and one of two mixed credit institutions featuring a full range of commercial, investment and mortgage banking services under one roof. With nearly 500 branches in Germany and the new states, HYPO-BANK is present in all major regions of the Federal Republic. HYPO-BANK is also active through subsidiaries, joint ventures and representative offices in major financial capitals worldwide as well as a strong presence in Eastern Europe, including the Czech Republic and Hungary.



111

Canadian Occidental Petroleum Ltd.

Canadian Occidental Petroleum Ltd. is a global oil and gas exploration and development company and a leading North American producer and marketer of industrial bleaching chemicals. With diversified oil and gas operations in North America, South America, Europe, the Middle East and Far East, Canadian Occidental has added more than 240 million barrels of new reserves since 1990. New projects coming onstream in Venezuela, Ecuador, the United States Gulf Coast and the North Sea will triple oil production to over 100,000 barrels per day and add over 40 million cubic feet per day of new gas production by year end 1993. The Company is a low cost producer of sodium chloride, caustic soda and chlorine, with recently expanded and modernised facilities.



112

TI Group

TI Group's strategy is to be an international engineering group concentrating on specialised engineering businesses, operating in selected niches in a global basis. Key businesses must be able to command positions of sustainable technological and market share leadership. Each business will have a high knowledge and service content. TI Group's three core businesses are John Crane engineered seals and sealing systems, Bundy fluid carrying systems and Dowty engineered aerospace products. The first two are world leaders and Dowty has the potential to become one.

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| 98 <input type="checkbox"/> Telephone & Data Systems | 102 <input type="checkbox"/> TVX Gold Inc. | 106 <input type="checkbox"/> SHV | 110 <input type="checkbox"/> HYPO BANK |
| 99 <input type="checkbox"/> Tabacalera, S.A. | 103 <input type="checkbox"/> Control Data Systems, Inc. | 107 <input type="checkbox"/> Mobile Telecom. Tech. Corp. | 111 <input type="checkbox"/> Canadian Occidental Pet. Ltd. |
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COMMODITIES AND AGRICULTURE

Clinton unveils compromise plan for US forestry

By George Graham in Washington

US PRESIDENT Bill Clinton yesterday unveiled his plan to bridge the chasm between environmentalists and loggers over the timber harvest in the endangered old growth forests of the Pacific north-west.

The plan will allow about 200 board feet of Forest Service timber sales from the region this year, as previously arranged sales move through the pipeline, but would then settle on a much lower timber harvest of some 1.2bn board feet a year.

This would be one third of the yield reached in the late 1980s but would allow more timber to be cut than at present, with logging held up by a variety of court orders.

Mr Clinton said he would also restore the ban on exporting raw logs from publicly owned land, a move designed to create jobs in north-west wood processing plants.

The plan will satisfy neither side in the long-running battle over the remaining acres of

north-western forest, where the intensive logging allowed under Presidents Ronald Reagan and George Bush has slowed to a trickle as the courts have held the government to its obligation under the Endangered Species Act to protect the habitat of the dwindling population of northern spotted owls.

Mr Clinton said the plan was scientifically sound and complied with the law. While the proposed annual yield is smaller than timber interests had wanted, the plan does not have some of the protections environmental groups had sought; it would, for example, allow some salvage cutting and thinning in protected areas of owl habitat.

The administration plan offers \$270m of economic aid next year to help the region adjust to reduced timber harvests, and \$1.2bn over five years, creating jobs in watershed restoration and ecological preservation.

"Had this crisis been dealt with years ago, we might have a plan with a higher yield and



Bill Clinton: He said the plan was scientifically sound and complied with the law.

with more environmentally protected areas. We are doing the best we can with the facts as they now exist in the Pacific north-west," Mr Clinton said yesterday.

Lumber prices rose sharply in early trading on the Chicago Mercantile Exchange in anticipation of lower timber harvests under the Clinton plan, moving limit up ahead of the announcement. But they fell back later.

Mr Clinton also announced that he would seek additional funding from congress to pay for flood damage in the upper Mississippi basin, where governors of five states have sought aid for farmers whose crops have been washed out.

Argentina aims to cash in on mineral wealth

John Barham on law changes designed to attract investors to under-explored areas

ARGENTINA OWNS half the mineral-rich southern Andes but its mining industry accounts for a mere 1.5 per cent of its GDP. Unlike Chile, which owns the other half of the southern Andes and has built up a multi-billion dollar mining industry, mining in Argentina has never caught on.

Political instability, unpredictable shifts in government policy, complex and xenophobic regulations have actually discouraged mining. For instance, the Andean border region was declared a security zone and closed to foreign investment, while exports were taxed.

The government says this is all changing, however, with the approval of a few weeks ago of new investor-friendly mining laws that it hopes will open up Argentina's vast and under-explored interior to local and especially to foreign companies.

These new laws follow Argentina's introduction four years ago of a free market reforms that have transformed the country into one of the fastest-growing economies in the region.

The government is offering mining companies a generous tax regime that includes a promise not to change the tax structure of investment pro-

jects for 30 years and allows them to import machinery duty free. Companies can write off all their exploration costs against future corporate tax once a project begins generating profits.

The laws will also allow companies to set up free trade zones in which remaining tax and import restrictions will be waived. The intention is to attract international companies based on the Chilean side of the Andes to cross into Argentina.

Argentina badly needs to attract foreign investment because it lacks home-grown mining expertise. As a result of the endemic indifference to mining, only 17 per cent of its territory has been adequately surveyed.

Major mining companies began sniffing around Argentina well before the new mining policies came into effect. The government's mining secretary reports that 20 companies, nearly all of them foreign, have already committed US\$103m in investments to study 64 mining projects. This may be small change by international standards, but it represents a hefty capital influx for an industry that turns over barely \$400m a year.

Argentina's great attraction is its virgin geology and consequently the chance of finding

major undeveloped deposits with quick payback periods. Some, like Canada's Musto, claim they have already found highly attractive properties.

Musto is working on an 18-month, US\$7m feasibility study of what it claims to be an exceptionally rich, world-class gold deposit in the Andean foothills. The company says the Bajo de la Alumbrera deposit is "one of the largest proven unexploited porphyry copper/gold deposits in South America". It believes the deposit could produce 140m lb of copper and 200,000 ounces of gold a year for 20 years.

Mr Jorge Jones, Musto's Argentine general manager, says that if Musto takes up an option to develop Bajo de la Alumbrera, the project will need at least \$450m in investments and would therefore require co-financing from other joint venture partners.

The mining secretary says international companies have at least four other major gold, copper, lithium and potassium projects under consideration, which would be worth over \$500m in investments if taken beyond their present exploration stages.

Argentina is so anxious to attract investment that the government has even reassured companies that they have little to fear from its fee-

ble environmental laws. At an international mining conference in Denver in June, Mining Secretary Angel Musto, quoted as saying: "We would not think of subordinating the interests of development to those of the environment".

Despite its fiscal and geological attractions, Argentina is far from becoming a mining paradise. To start with, its geology is less favourable than Chile's, where rich mineral veins are closer to the surface and therefore cheap to mine.

And companies already operating Argentina, like RTZ affiliate Minera Aguilar, which produces lead, silver and zinc close to the Bolivian border, are losing money because prices are low, while their costs are high.

Operating costs are high because the currency is overvalued, labour productivity is low and inputs are overpriced. For example, Aguilar has to import its spare parts because locally-made products are so expensive.

Finding financial backing for mining projects is both difficult and expensive. Local banks are unwilling to lend for long periods, while international banks are unhappy lending for mining projects in a country with little mining tradition.

Deficient infrastructure also adds heavily to development costs. Roads and power supplies, especially in remote mountain locations are inadequate. Transport and port facilities are also poor, although the government has recently privatised the rail network and drastically reduced port charges.

The government is also negotiating with Chile a series of agreements which would enable companies operating in Argentina's sector of the Andes to buy Chilean electricity and ship minerals to Chilean Pacific ports. Not only are Chile's ports closer, but its road and rail network is far superior to Argentina's.

But Mr David Ancieta, Aguilar's executive director, says he is optimistic that Argentina is overcoming what was once seen as its greatest single deterrent - political turbulence. "There is a determination to change and I think that Argentina will become a politically stable country," he says. "Periodic adjustments to economic policy will be necessary, but there is confidence that Argentina will stay with these economic policies."

For example, Aguilar has to import items ranging from explosives to spare parts because locally-made products are so expensive.

Mining chief accused over aborigine claim

ABORIGINAL AFFAIRS Minister Mr Robert Tickner yesterday accused Hugh Morgan, managing director of Australia's Western Mining Corporation Holdings, of waging a hate campaign over a court decision granting aborigines land title.

Mr Morgan, head of one of

Australia's biggest mining groups, said a landmark 1992 High Court ruling on native land title, known as the Mabo ruling after one of the original plaintiffs, would create racial tension and economic stagnation.

"You've got a representative of one of Australia's mining

giants waging this campaign of hate and bitterness against aboriginal people and it's just got to stop," Mr Tickner said in a radio interview.

"It's so far over the top, so divisive, and for any of us to give it any credibility... I think, profoundly un-Australian."

NZ wool growers face another tough year as prices languish

NEW ZEALAND'S sheep farmers, the world's second largest producers of wool, can expect yet another year of slack world demand and low prices, economists warned yesterday, the first day of the 1993-94 season, reports Reuter from Wellington.

"There's more belt tightening in store," said New Zealand Wool Board senior economist Mr Patrick Conway.

The industry, which produces 12 per cent of the world's wool, had begun last season with high hopes of recovery despite large wool stockpiles. The average indicator price had recovered from a post-war low of NZ\$33.50 (US\$1.86) a kilogram (clean) in early 1991 to about \$5.00 a kilogram by June 1992. World economic growth and the return of buyers from China, who have bought up to a quarter of New Zealand's wool in recent years, was expected to boost prices further.

Instead, the large industrial economies actually fell further into recession and the Chinese buying interest slackened again.

"The long-awaited recovery in Western Europe and Japan just never came, in fact it got worse," said Mr Conway yesterday. "There's been a general deterioration in demand for world textiles."

The average indicator fell from NZ\$4.71 at the first sale of the 1992-93 season to NZ\$3.77 by the last sale.

New Zealand's Ministry of Agriculture and Fisheries noted in its annual agricultural outlook that Chinese demand had been sluggish for much of the second half of the season. "This can be attributed to many factors, such as the depreciation of China's currency, foreign exchange allocation problems and temporary disruption to buying as responsibility for purchasing is transferred from state to local enterprises," it said.

The weight of wool stockpiles overhanging the world market compounded the problem of slackening demand, economists explained.

"Falling production continues to be masked by the enormous stockpiles," said ANZ bank economist Mr Paul

Stewart. With total stocks at present equivalent to 35 per cent of annual world production, economists said nervousness surrounding the growth of the world's largest stockpile in Australia had helped depress prices.

Although rescheduling of the Australian Wool Realisation Commission's debt repayments by the Australian government in April helped ease the tension, the stockpile was expected to remain a problem while the world economic recovery stuttered.

"Given the sluggish outlook for demand and continuing large wool availabilities, prices for the 1993-94 season are not forecast to increase substantially," the ministry said.

The continued absence of buyers from the former Soviet Union would also constrain prices. "Particularly since they've been the major buyers in the past of those shorter crossbred wools," Mr Conway warned.

Most of New Zealand's 54m sheep are crossbred to produce both meat and wool.

Almond prices soar after Californian estimate is cut

By David Blackwell

A SHARP downward revision in the estimate for this year's almond harvest in California has sent prices up by 10 per cent in 48 hours.

The US Department of Agriculture in May estimated that the crop in California - by far the world's largest supplier - would be 62m lb at harvest in September. But the latest estimate in the Sacramento and San Joaquin valleys produced a figure of 47m lb.

The price per tonne, which stood at \$3,600 in January, has surged to \$4,600 a tonne, traders said yesterday. One estimate that a further gain of \$250 was possible.

"The big problem of the past few years has been oversupply," said a leading London trader. "That has now disappeared, and the coming crop will be very short."

In the past six years the crop has reached as high as 66m lb. Shipments from California, including those for US consumption, have averaged 53m lb. The sharp reduction in this year's crop is blamed on poor pollination in February

Californian almonds (million lb)		
Year	Estimate	Previous
1992	537	537
1991	496	496
1990	686	686
1989	489	489
1988	590	590
1987	680	680

Source: USDA

Goldsmith announcement 'not responsible for gold spike'

By Kenneth Gooding, Mining Correspondent

SIR JAMES Goldsmith's announcement that he was to swap gold shares for gold bullion had nothing to do with a sharp rise in the gold price yesterday, according to traders and analysts.

The price, which moved through the important \$380 a troy ounce level, was driven by activity on New York futures markets, they suggested.

Traders were deeply suspicious of Sir James's motives. They insisted no professional speculator would reveal his hand so clearly before completing a deal. "He won't get the money from the share sale for a week or two. Does he expect us to believe he would then

buy gold in a rising market?" was a typical comment. "He has either already bought the gold or he doesn't intend to buy any."

Sir James and Lord Rothschild announced on Wednesday that they would offer the public 9.65m shares in, or 14 per cent of, Newmont Mining, North America's biggest gold producer. When the sale is completed, they will in the space of less than a year have reduced their combined holdings in Newmont from 49 per cent to 6.5 per cent.

In London yesterday gold started quietly and ended the formal morning fixing at \$377.85 an ounce, down about \$1.75 from Wednesday's closing price. Traders said business was quiet as gold producers

were not selling and demand was minimal.

Then New York investment funds re-discovered silver yesterday, pushing the price up by 17½ cents an ounce to \$4.74 by the close in London. Gold was dragged up because computer trading programmes frequently link the two precious metals.

Gold closed in London at its highest level for the day, \$384.50, up \$5.25 an ounce. Traders suggested that, as the price was being driven by technical factors, it would probably move to \$385 which was the next important chart point.

One said that if Sir James used only half the \$440m proceeds expected from his share sale to buy gold call options, it would probably be enough to drive the price above \$400.

WORLD COMMODITIES PRICES

MARKET REPORT

London COCOA prices edged ahead. The main talking point remained the possibility of a squeeze on the nearby July contract. The uncovered position remains steady, reinforcing sentiment that a major long position holder may take delivery of a substantial tonnage. News that 3,397 lots were tendered against July on the first notice day was broadly in line with forecasts. The COPPER market on the LME, trading for the first time in US dollars, continued to focus on news from US producers Kennecott and Phelps Dodge, where labour contracts expired on Wednesday.

London Markets

SPOT MARKETS
Crude oil (barrel FOB) +0.01
Dural 514.72-4.78 -0.37
Brent Blend 518.96-1.00 -0.40
Brent Blend (avg) 517.18-7.20 -0.48
WTI (1st cut) 518.40-6.48 -0.48

Oil products
HME prompt delivery per tonne CIF +0.01

Premium Gasoline \$199.20/-1
Gas Oil 184.18/-2
Heavy Fuel Oil 169.61/-1
Petroleum Argus Estimates

Other
Gold (per troy oz) \$389.80 +5.25
Silver (per troy oz) \$474.00 +17.5
Platinum (per troy oz) \$386.25 -0.40
Palladium (per troy oz) \$140.00 +2.00

Copper (LSE Producer) 90.00/-0.50
Lead (LSE Producer) 33.50/-0.02
Tin (LSE Producer) 15.00/-0.02
Zinc (LSE Producer) 235.50/-3.0
Zinc (LSE Prime Western) 62.00/-

Cattle (five weight) 142.27/-1.36
Sheep (five weight) 107.60/-8.15
Pigs (five weight) 86.71/-0.84

London daily sugar (raw) \$298.9/-8.8
London daily sugar (white) \$275.5/-2.0
Tate and Lyle export price \$282.0/-2.0

Barley (English feed) \$110.0/-
Maize (US No 3 yellow) \$108.5/-
Wheat (US Dark Northern) \$147.0/-

Rubber (August) 58.50/-
Rubber (September) 58.00/-
Rubber (RSS No 1 July) 207.00/-

Cash (US Dollars) \$437.5/-2.5
Palm Oil (Malaysian) \$450.0/-
Cocoa (LSE) \$280.0/-
Soybeans (US) \$187.5/-4.5
Cotton 'A' index 57.20/-4.10
Woolfats (64 Super) 35.75/-5

but the mines continue to operate. Other factors preoccupying the market were conflicting ideas on warehouse stock movements, as the possibility of significant withdrawals by Chinese interests was being countered by talk of a large arrival. Three-month ALUMINIUM fluctuated either side of \$1,250 a tonne, reflecting heightened expectations of further production cuts in the wake of Alcoa earlier this week. In North America Kaiser has ruled out following suit, Reynolds continues to evaluate the situation, while Alcan says it has no plans. Compiled from Reuters

SUGAR - LSE (\$ per tonne)

White 276.50 278.00 278.50 274.00
Aug 267.00 268.00 268.40 265.00
Oct 267.00 268.00 268.50 267.00
Dec 267.00 268.00 268.50 265.00

White 846 (1471) Price: White (FF) per tonne: Aug 1573.30 Oct 1623.45

CRUDE OIL - IPE (\$/barrel)

Latest Previous High/Low
Aug 17.11 17.51 17.51 17.10
Sep 17.51 17.71 17.71 17.50
Oct 17.51 17.71 17.71 17.50
Nov 17.51 17.71 17.71 17.50
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FOREIGN EXCHANGES

D-Mark defends position

THE D-MARK rose against the dollar and other European currencies yesterday, in spite of the Bundesbank's announcement of its long-awaited rate cuts, writes Gillian Triggs.

Speculation about the rate cuts before the German central bank's announcement initially pushed the dollar up above DM1.71 during morning trading in Europe.

But following a brief surge in the aftermath of the announcement, the D-Mark then staged a surprising rally, recouping its losses to close at DM1.69 to the dollar, around 1/2 pence stronger than the previous day.

The D-Mark also strengthened against the French franc, finishing at FF337.17, up on the previous day's close of FF337.17. Against the Italian lira and Spanish peseta the D-Mark closed little changed.

Dealers said one reason for the D-Mark's rally was that the market had already been pricing in a rate cut, either at yesterday's council meeting or later this month.

"Although the D-Mark did weaken at first, the dollar quickly ran into profit-taking," explained Mr Michael Feeny, market analyst at Sunmoro Bank. "Everybody knew that

the Bundesbank would have to cut soon."

However, another reason for the dollar's drop was the release of figures from the National Association of Purchasing Management in the US, which showed a sharp fall in confidence among US manufacturers.

Coupled with the growing fears that today's US non-farm employment figures might also prove disappointing, the survey prompted concern about the patchy nature of the US recovery.

"A lot now depends on the US non-farm payroll figures," said Ms Alison Cottrell, international economist at Midland Global Markets, who predicts that any big fall in jobs could severely undermine the dollar, particularly against the yen in the coming days.

Nevertheless, rumours that the Bank of Japan was now preparing for a rate cut allowed the dollar to gain

against the yen in late trading, leaving it closing at ¥107.4 up on a previous day's close of ¥106.4.

In spite of the D-Mark's general rally, sterling continued to strengthen against the German currency.

After rising in the morning on the back of the Bundesbank announcement, it then fell back after speculation grew in London markets about the possibility of further UK rate cuts.

However, a lunchtime statement by the Treasury discounting the possibility of rate cuts in the near future pushed sterling up again, leaving it at DM2.5625 at the end of the day - its strongest position since devaluation last September.

It also closed up against the dollar, finishing at \$1.5065, up from the previous day's position of \$1.4935.

EMS EUROPEAN CURRENCY UNIT RATES

Currency	Unit	% Change	% Change	Change
Portuguese Escudo	200	-0.25	-0.25	0.00
Spanish Peseta	166.7	-0.25	-0.25	0.00
Italian Lira	200	-0.25	-0.25	0.00
French Franc	6.55	-0.25	-0.25	0.00
German Mark	1.00	-0.25	-0.25	0.00
Dutch Guilder	2.00	-0.25	-0.25	0.00
Belgian Franc	20	-0.25	-0.25	0.00
Austrian Schilling	13.76	-0.25	-0.25	0.00
Swedish Krona	4.66	-0.25	-0.25	0.00
Irish Punt	7.88	-0.25	-0.25	0.00
Spanish Peseta	166.7	-0.25	-0.25	0.00
Portuguese Escudo	200	-0.25	-0.25	0.00

£ IN NEW YORK

Unit	Rate	Change
1 £	1.5065	+0.0030
100 £	150.65	+0.30

Forward contracts and discounts apply to the US dollar.

STERLING INDEX

Unit	Rate	Change
1 £	1.5065	+0.0030
100 £	150.65	+0.30

Forward contracts and discounts apply to the US dollar.

CURRENCY RATES

Currency	Rate	Change
US Dollar	1.5065	+0.0030
Japanese Yen	107.4	+0.10
Swiss Franc	1.4935	+0.0030
French Franc	6.55	-0.25
Italian Lira	200	-0.25
Spanish Peseta	166.7	-0.25
Portuguese Escudo	200	-0.25
Dutch Guilder	2.00	-0.25
Belgian Franc	20	-0.25
Austrian Schilling	13.76	-0.25
Swedish Krona	4.66	-0.25
Irish Punt	7.88	-0.25

Bank rate refers to central bank discount rate.

1 £ = 100 pence.

1 \$ = 100 cents.

1 ¥ = 100 yen.

1 Sfr = 100 centimes.

1 Lira = 100 centesimi.

1 Punt = 100 milli.

1 Krona = 100 öre.

1 Escudo = 100 réis.

1 Guilder = 100 stuivers.

1 Franc = 100 centimes.

1 Mark = 100 pfennigs.

1 Punt = 100 centesimi.

1 Krona = 100 öre.

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1 Guilder = 100 stuivers.

1 Franc = 100 centimes.

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1 Escudo = 100 réis.

FINANCIAL FUTURES AND OPTIONS

Strike	Call	Put	Settlement
105	0.15	0.15	0.15
106	0.15	0.15	0.15
107	0.15	0.15	0.15
108	0.15	0.15	0.15
109	0.15	0.15	0.15
110	0.15	0.15	0.15
111	0.15	0.15	0.15
112	0.15	0.15	0.15

Strike	Call	Put	Settlement
105	0.15	0.15	0.15
106	0.15	0.15	0.15
107	0.15	0.15	0.15
108	0.15	0.15	0.15
109	0.15	0.15	0.15
110	0.15	0.15	0.15
111	0.15	0.15	0.15
112	0.15	0.15	0.15

Strike	Call	Put	Settlement
105	0.15	0.15	0.15
106	0.15	0.15	0.15
107	0.15	0.15	0.15
108	0.15	0.15	0.15
109	0.15	0.15	0.15
110	0.15	0.15	0.15
111	0.15	0.15	0.15
112	0.15	0.15	0.15

Strike	Call	Put	Settlement
105	0.15	0.15	0.15
106	0.15	0.15	0.15
107	0.15	0.15	0.15
108	0.15	0.15	0.15
109	0.15	0.15	0.15
110	0.15	0.15	0.15
111	0.15	0.15	0.15
112	0.15	0.15	0.15

Strike	Call	Put	Settlement
105	0.15	0.15	0.15
106	0.15	0.15	0.15
107	0.15	0.15	0.15
108	0.15	0.15	0.15
109	0.15	0.15	0.15
110	0.15	0.15	0.15
111	0.15	0.15	0.15
112	0.15	0.15	0.15

Strike	Call	Put	Settlement
105	0.15	0.15	0.15
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108	0.15	0.15	0.15
109	0.15	0.15	0.15
110	0.15	0.15	0.15
111	0.15	0.15	0.15
112	0.15	0.15	0.15

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109	0.15	0.15	0.15
110	0.15	0.15	0.15
111	0.15	0.15	0.15
112	0.15	0.15	0.15

Strike	Call	Put	Settlement
105	0.15	0.15	0.15
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108	0.15	0.15	0.15
109	0.15	0.15	0.15
110	0.15	0.15	0.15
111	0.15	0.15	0.15
112	0.15	0.15	0.15

Strike	Call	Put	Settlement
105	0.15	0.15	0.15
106	0.15	0.15	0.15
107	0.15	0.15	0.15
108	0.15	0.15	0.15
109	0.15	0.15	0.15
110	0.15	0.15	0.15
111	0.15	0.15	0.15
112	0.15	0.15	0.15

Strike	Call	Put	Settlement
105	0.15	0.15	0.15
106	0.15	0.15	0.15
107	0.15	0.15	0.15
108	0.15	0.15	0.15
109	0.15	0.15	0.15
110	0.15	0.15	0.15
111	0.15	0.15	0.15
112	0.15	0.15	0.15

Strike	Call	Put	Settlement
105	0.15	0.15	0.15
106	0.15	0.15	0.15
107	0.15	0.15	0.15
108	0.15	0.15	0.15
109	0.15	0.15	0.15
110	0.15	0.15	0.15
111	0.15	0.15	0.15
112	0.15	0.15	0.15

Strike	Call	Put	Settlement
105	0.15	0.15	0.15
106	0.15	0.15	0.15
107	0.15	0.15	0.15
108	0.15	0.15	0.15
109	0.15	0.15	0.15
110	0.15	0.15	0.15
111	0.15	0.15	0.15
112	0.15	0.15	0.15

Strike	Call	Put	Settlement
105	0.15	0.15	0.15
106	0.15	0.15	0.15
107	0.15	0.15	0.15
108	0.15	0.15	0.15
109	0.15	0.15	0.15
110	0.15	0.15	0.15
111	0.15	0.15	0.15
112	0.15	0.15	0.15

94-97	-	-	-
92-95	-	-	-
91-94	-	-	-
6-8	-	-	-

NET RATES

One Month	Three Months	Six Months	One Year
6 5/8	5 1/2	5 1/2	5 1/2
6 5/8	5 1/2	5 1/2	5 1/2
6 5/8	5 1/2	5 1/2	5 1/2
6 5/8	5 1/2	5 1/2	5 1/2

Patricia S
(0)
Kerry O
Tel:
Kristin
Tel:
Nina Golov

WORLD STOCK MARKETS

Table with 3 columns: Stock Name, Price, and Change. Includes sections for Australia, Canada, and Japan.

Table with 3 columns: Stock Name, Price, and Change. Includes sections for Germany, France, and the UK.

Table with 3 columns: Stock Name, Price, and Change. Includes sections for Italy, Spain, and the Netherlands.

Table with 3 columns: Stock Name, Price, and Change. Includes sections for Sweden, Switzerland, and the US.

Table with 3 columns: Stock Name, Price, and Change. Includes sections for Canada, MONTREAL, and INDICES.

Table with 3 columns: Stock Name, Price, and Change. Includes sections for Japan and various international stocks.

Table with 3 columns: Stock Name, Price, and Change. Includes sections for Germany, France, and the UK.

Table with 3 columns: Stock Name, Price, and Change. Includes sections for Italy, Spain, and the Netherlands.

Table with 3 columns: Stock Name, Price, and Change. Includes sections for Sweden, Switzerland, and the US.

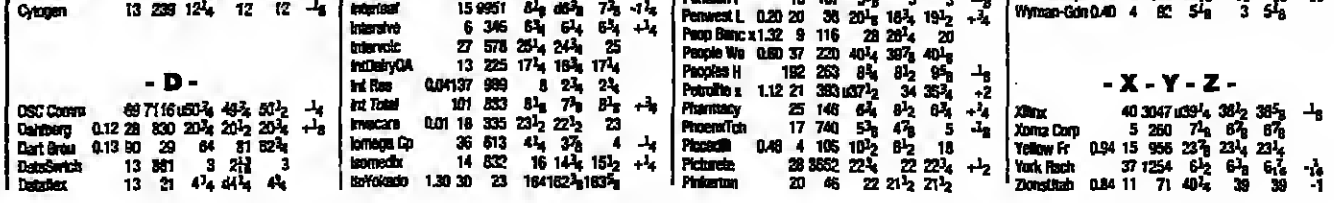
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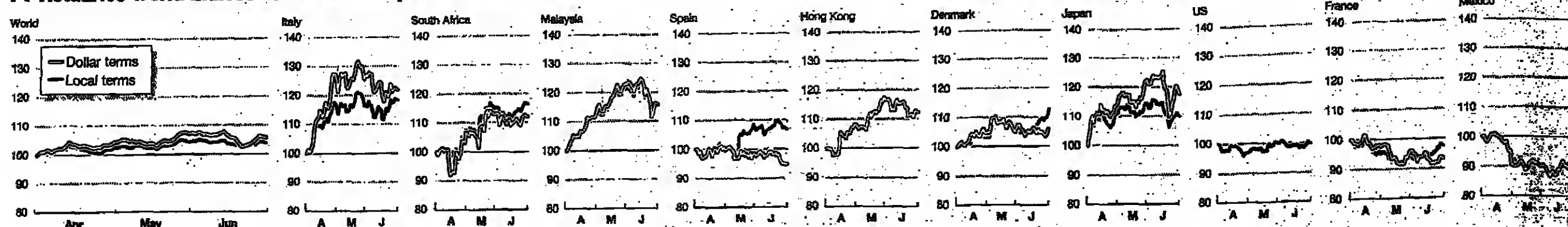
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$$\begin{array}{rrrr} 7_8 & 7_8^3 & 7_8^4 & -3_8 \\ 1_4 & 22_8^3 & 23_8^4 & +3_8 \\ 5_8 & 3_8^3 & 3_8^5 & +1_8 \end{array}$$

$\frac{1}{4}$
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FT-Actuaries World Indices in the second quarter 1993



AMERICA

Dow retreats after drop in NAPM index

Wall Street

AFTER a brief move upwards at the opening, US share prices fell back yesterday in the wake of more bad economic news, writes Patrick Horverson in New York.

At 1 pm, the Dow Jones Industrial Average was unchanged at 3,516.08. The more broadly based Standard & Poor's 500 was down 0.52 at 450.01, while the Amex composite was 0.54 firmer at 434.78, and the Nasdaq composite down 0.71 at 703.24. Trading volume on the NYSE was 165m shares by 1 pm.

Prices opened slightly firmer, helped by reports of an 11,000 decline in the latest weekly jobless claims numbers. The fall was bigger than analysts had expected, and briefly raised hopes that today's employment report for June will not be as weak as feared.

The markets could not hold on to their initial gains, however, and prices turned tail soon after the National Association of Purchasing Management reported that its index of manufacturing activity had dropped from 51.1 per cent in May to 49.8 per cent in June. Any reading below 50 per cent is regarded as indicative of a contraction in the manufacturing economy. Moreover, the June figure was the lowest level in the NAPM index since December 1991, a time when

the economy was in recession. The data was especially worrying because it suggested that it was unlikely that manufacturers added to their payrolls in any significant numbers last month. Consequently, today's June employment report could prove even weaker than anticipated. The latest batch of Wall Street forecasts predict that non-farm payrolls will have

risen by between 100,000 and 150,000 last month, and that the unemployment rate will be at 7.0 per cent.

Some cyclical weakness slightly on economic worries. General Electric dropped 3/4 to \$95.7. International Paper slipped 3/4 lower to \$33.7. Caterpillar gave up 3/4 at \$74.4 and Minnesota Mining & Manufacturing eased 3/4 to \$107.4.

Aluminum Company of America, however, rallied

strongly, rising 3/4 to \$71.4 as the stock continued to benefit from its recent decision to cut its aluminium production capacity by a quarter.

Westinghouse Electric firmed 3/4 to \$15 as investors responded mostly favourably to the appointment of Mr Michael Jordan as chairman and chief executive.

Santa Fe Pacific tumbled 3/4 to \$17.4 after Merrill Lynch cut its short-term rating on the stock from above average to neutral.

Drug stocks ran into heavy selling after one of the sector's biggest constituents - Merck and Pfizer - were cut from the recommended list of Goldman Sachs. Pfizer tumbled 3/4 to \$55.4 in volume of 1.5m shares. Merck gave up 3/4 at \$35. Bristol-Myers Squibb dropped 3/4 to \$67.4 and Schering-Plough fell 1/4 to \$68.

Toronto was closed yesterday for Canada Day.

EUROPE

Mexico falls 1.6% at opening

MEXICAN stocks opened sharply weaker on fears that a US court ruling could delay the implementation of the North American Free Trade Agreement, agencies report from Mexico City.

The IPC index was quoted down 26.53 points or 1.6 per cent at 1,642.78 in heavy volume of 27.6m shares in early trading.

A US federal judge ruled on Wednesday that the US trade representative's office must prepare an environmental impact statement on the NAFTA before its implementation.

However, in spite of the setback, US, Mexican and Canadian officials commented that they believed that the deadline of January 1, 1994 for implementation of the agreement could still be met.

Among individual stocks, Telcel L series shares, available to foreign investors, were off 10 centavos at 7.30 pesos in heavy trading. Although Telcel's concession means that it will not have any long distance competition until 1996, and is therefore little affected by the NAFTA, the stock is seen as a bellwether for the Mexican market.

Among other stocks the retailer, Cifra, saw its C shares off 10 centavos at 5.80 pesos on foreign selling.

The Telcel share holder, Grupo Carso, slipped 7 centavos to 16.98 pesos in line with the telephone group.

Cementos Mexicanos B shares slid 70 centavos to 48.80 pesos.

EUROPE

Bourses slow after Buba cuts

THE INITIAL, enthusiastic

reaction among bourses to the Bundesbank's cut in key interest rates, and those elsewhere which preceded and followed it, was reflected in a rise of 12.69, or more than 1 per cent in the Eurotrack 100 index at midday in London. But the gains were mostly dissipated as the afternoon wore on, writes Our Markets Staff.

The words from German politicians and bankers were tested, and found wanting: the economics minister, Mr Ginter Rexrodt, said that the cuts would boost the economy of Germany and of its EMS partners, but Mr Julian Callow, an economist at Kleinwort Benson, said that Germany's planned financial retrenchment will sap strength out of the economy, suggesting that 1994 and 1995 will be very sluggish years for economic growth.

This outcome, too, would reflect on the performance of other EMS countries. There was a corollary. "For the markets", said Mr Callow, "this in turn implies that German short term interest rates have substantially further to decline..." However, he added, given that the discount rate cut was twice the 25 basis points mostly widely cited, yesterday's cuts might well be the last for another couple of months.

FRANKFURT went both ways in the official session and down in the post-bourse. The DAX index reached a high of 1,715.25 on the rate cut news but subsided to 1,706.53, up 9.00 at the close. In the afternoon, it followed the bond market down, with a late indication of

showing a widening in the trade surplus in March it also revealed a significant fall in both exports and imports on a year-on-year basis. James Capel, commenting on the figures, note that this appears to reflect the impact of currency movements.

Eurotunnel advanced 45 centimes to FF835.00 on news that resolution of its dispute with contractors could be nearer.

AMSTERDAM saw a year's high in the CBS Tendency index during the session before the market eased back gently to close 0.2 higher at 112.7. As expected after the close the central bank cut key domestic rates.

MILAN performed strongly following the Buba rate cut, before easing later. However, domestic interest remained concentrated on Fiat, following Wednesday's warning of a L1,000bn operating loss in 1993.

The Comit index ended down 1.27 at 534.78. Fiat fixed down L330 at L6.160 as investors reacted to the statement from Mr Giovanni Agnelli at the annual meeting. Some analysts commented that the market had, to some extent, been taken by surprise by the news,

I-SE Actuaries Share Indices

July 1	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1213.83	1214.02	1216.59	1221.88	1218.02	1216.36	1215.03	1213.21
FT-SE Eurotrack 200	1270.19	1270.82	1271.53	1277.12	1275.11	1272.90	1271.86	1270.86

	June 30	June 29	June 28	June 25	June 24
FT-SE Eurotrack 100	1208.99	1207.57	1210.15	1202.12	1190.58
FT-SE Eurotrack 200	1265.14	1263.58	1265.02	1254.57	1251.55

Base Value 1000 (January 1984) High/Low: 100 - 1221.88; 200 - 1288.08; Low/Low: 100 - 1215.04; 200 - 1286.61.

1,699.06.

The big carmakers, chemicals and most banks registered subdued share price performances, although Dresdner rose DMS to DM385 during the session, on a rumoured joint venture agreement with an English investment bank.

Thyssen slipped for the second day, down DM4.00 to DM185.50 following a meeting in which it told analysts that, in addition to the 9,000 layoffs in its steel unit previously announced, a further 5,400 jobs would be cut in 1993/4.

PARIS, too, enjoyed an initial early boost following the news from Germany, with the CAC-40 index rising to a day's high of 1,994, before falling back sharply to close down 11.72 at 1,960.15.

Turnover was a firm FRF3.7m. Some brokers attributed the bourse's decline to a weaker Matif market, as well as US institutional selling and a slightly weaker franc. However, expectations are that the French authorities will cut domestic rates again on Monday.

The market might also have given some thought to trade data released yesterday, while

as it had been concentrating less on fundamentals in recent weeks.

The Fiat share price has gained 50 per cent since the start of the year on a number of speculative stories. One of these involved expectations of asset sales by the group, confirmed by Mr Agnelli at the annual meeting.

As a result, Rinascente, one of the non-strategic divisions expected to be sold, leapt L101 to L8,900.

There was considerable activity in possible privatisation candidates after the government said on Wednesday night that it hoped to begin the privatisation of seven groups within the next month. Among those on the list, Credito Italiano rose L130 to L2,611. BCI by L163 to L5,056 and Stet by L70 to L3,610.

ZURICH moved on an early, and unexpected domestic rate cut, with good buying of banking stocks; but it saw a wave of profit-taking later, and no response to the Bundesbank move. The SMI index closed 0.2 lower at 2,376.0.

Union Bank rose SF11 to SF11.11, while Surveillance gained SF17 to SF17.48 on the firm dollar.

MADRID waited for Buba, then rose and fell to close with the general index just 0.47 higher at 260.31. Turnover was healthy at Pta19,67m.

BRUSSELS, bullish already, took the day's news as an excuse to hit a second consecutive all-time high, the Bel-20 index closing 12.83, or 1 per cent higher at 1,292.56. This was the Bel-20's 19th higher close in succession.

ASIA PACIFIC

Tokyo volume declines to four month low

Tokyo

FUTURES-LINKED buying pushed up share prices at the end of the session, but activity remained subdued and volume was at its thinnest in four months, writes Erika Terazono in Tokyo.

The Nikkei average gained 334.61, or 1.7 per cent to 19,924.61, the highest point of the day. The index opened at the day's low of 19,638.79 and remained marginally higher throughout the day. A sharp rise in the futures market towards the close of the session sparked arbitrage buying.

Volume fell to 220m shares against 233m. Gainers led losers by 693 to 392 with 175 issues remaining unchanged. The Topix index of all first section stocks gained 17.78 to 1,593.03 and, in London, the ISE/Nikkei 50 index rose 1.62 to 1,210.32.

Traders expect the Nikkei to fluctuate within a narrow range until the July 18 general elections. "The downside is firm around the 18,000 level

thanks to the government's public support, but valuation problems prevent the Nikkei from rising above the 20,000 level," said Mr Chris Newton at James Capel. He added that with bond yields at some 4 per cent, the fair value of the Nikkei was around 14,300.

Investors focused on Rohm, the integrated circuit maker, due to lack of fresh news. The company's US subsidiary won a patent in the US for the next generation of flash memory chips and is planning to charge companies using the technology, including Intel of the US, Toshiba and Hitachi.

Rohm failed to trade due to the lack of sellers and closed at a bid price of Y2,890. Sumitomo Bakelite, which provides synthetic resins for Rohm's chips, rose Y64 to Y584.

Non-bank financial institutions gained ground on the ministry of finance's decision to allow the companies to issue commercial paper. Orix rose Y200 to Y3,330.

Chori, a textile trader, fell Y100 to Y434 on reports of its leading exposure to Hanix, the

over-the-counter construction machinery maker which filed for court protection last month.

Nikkatsu, the film maker, was suspended after reports of dishonoured bills. After the market closed, the company announced that it had filed for court protection due to funding problems.

In Osaka, the OSE average rose 238.73 to 21,919.12 in volume of 14.5m shares. The index rose for the first time in three days, on buying triggered by the popularity of Rohm.

Roundup

MANY of the region's markets continued their strong runs. Taiwan, Bangkok, Pakistan and India were closed for holidays.

HONG KONG rose sharply on hopes that the UK might be ready to compromise with China over the colony's political future.

The Hang Seng index closed up 106.10, or 1.5 per cent, at 7,205.38, its high for the day. Turnover was HK\$3.67bn

against Wednesday's HK\$4bn. Among the actives, HSBC was HK\$1 higher at HK\$74.50 and Swire Pacific up HK\$1.35 at HK\$41.00.

SROUL rose for the third consecutive session with interest particularly concentrated in companies with low p/e ratios. The composite index gained 1.39 to 753.25, off the day's low of 747.73.

MANILA closed higher as local investors sustained a technical rally which began on Monday. The composite index rose 9.51 to 1,586.98.

Secondary commercial issues led the rise with a new listing, Bacnotan Cement, climbing 75 centavos to 14.50 pesos.

Combined turnover slipped to 530.03m pesos from 687.10m. AUSTRALIA moved higher on the first day of the new financial year, the All Ordinaries index closing 17.3 higher at 1,756.3.

NEW ZEALAND was quiet ahead of yesterday's budget which was announced after the close. The NZSE-40 index gained 5.32 to 1,685.45 in turnover of NZ\$26.2m.

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FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited
in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY JUNE 30 1993	TUESDAY JUNE 29 1993	DOLLAR INDEX
Figures in parentheses show number of lines of stock	US Dollar Index	US Dollar Index	1993 High
Australia (58)	131.71 +0.3	131.75 88.88	116.72
Austria (18)	146.87 -0.8	145.80 98.11	130.15
Belgium (43)	146.72 +0.5	145.80 98.11	126.54
Canada (102)	127.84 -0.4	128.91 88.26	118.72
Denmark (23)	216.25 -0.3	216.66 147.28	184.65
Finland (22)	83.37 +2.4	82.68 82.00	110.57
France (87)	163.32 -0.7	163.22 103.45	138.88
Germany (82)	108.78 -1.2	107.97 72.40	98.38
Hong Kong (52)	287.16 +0.0	285.08 188.77	254.48
Ireland (15)	182.10 -0.4	180.91 108.38	143.64
Italy (72)	57.61 -0.3	57.11 45.82	58.91
Japan (470)	146.78 +0.3	146.88 93.03	130.07
Malaysia (59)	325.92 +0.0	323.54 218.91	288.51
Mexico (18)	1538.59 +1.6	1527.38 108.22	136.45
Netherlands (24)	166.69 -0.1	166.47 112.48	147.72
New Zealand (13)	48.81 +0.5	48.45 33.51	44.14
Norway (22)	152.98 +0.2	151.88 103.28	135.57
Singapore (38)	249.74 -0.2	247.92 168.53	221.31
South Africa (30)	198.90 +1.0	197.45 134.21	178.25
Spain (46)	125.33 -0.1	124.42 84.57	111.08
Sweden (35)	188.71 +1.1	187.48 113.84	148.51
Switzerland (52)	127.11 -0.7	126.85 112.65	116.03
United Kingdom (219)	175.96 -0.3	174.67 118.72	155.91
USA (519)	164.25 -0.1	164.94 124.36	163.31
Europe (761)	143.87 -0.4	142.82 87.08	127.50
Nordic (114)	161.30 +0.8	160.12 108.84	142.94
Pacific Basin (719)	160.55 +0.3	160.16 101.38	131.15
Euro-Pacific (1474)	147.39 +0.0	146.45 96.54	130.73
North America (627)	180.77 -0.1	179.45 121.99	150.22
Europe Ex. UK (542)	124.08 -0.5	123.18 83.75	109.98
Pacific Ex. Japan (249)	185.05 +0.1	183.70 124.89	164.00
World Ex. US (1860)	148.24 +0.0	147.15 100.03	131.37
World Ex. UK (1960)	157.70 +0.0	156.55 106.42	139.77
World Ex. So. Af. (2119)	159.16 +0.0	157.99 107.41	141.05
World Ex. Japan (1709)	167.85 -0.1	166.83 113.28	147.73
The World Index (2179)	139.32 +0.0	138.16 107.51	141.20

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